

# Journal of Business Research and Insights

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# **Journal of Business Research and Insights**

**Volume 10 Issue 2, December 2024**

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## Editorial Note

Dear Readers,

It is with great pleasure that we present **Volume 10, Issue 02** of the *Journal of Business Research and Insights*, a bi-annual publication by the Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, Sri Lanka. We extend our sincere gratitude to the authors, reviewers, editorial team, and all those who have contributed to the successful publication of this issue. Your dedication and scholarly contributions continue to enhance the quality and impact of our journal.

This issue features a diverse collection of research articles covering critical aspects of business and management. The first article investigates the role of corporate governance and accounting ethical practices in enhancing stakeholders' confidence in financial reporting within non-financial services firms listed on the Nigerian Exchange Group. Using a longitudinal panel data approach and a random effects model, the study analyzes secondary data from 16 purposively selected firms over a 20-year period. The findings reveal that ethical codes significantly boost stakeholder trust, while unethical accounting practices erode confidence. Additionally, shareholder activism positively influences financial reporting transparency, highlighting the necessity for stricter regulations to enforce ethical compliance.

The second article examines the factors influencing younger generations' intention to continue using omnichannel retailing in Sri Lanka, employing the Unified Theory of Acceptance and Use of Technology (UTAUT2) model. Based on a sample of 450 young adults from the Western Province, the study found that performance expectancy is the strongest predictor of continued usage, followed by hedonic motivation. Other significant factors include effort expectancy, social influence, habit, personal innovativeness, and perceived security. The research emphasizes the importance of social media strategies, influencer marketing, and user-generated content in driving engagement and fostering community-based purchasing behaviors.

The third article explores how institutional isomorphism and institutional logics legitimize a company's approach to fostering LGBTQIA+ inclusion. Through an explorative single case study involving in-depth interviews with sixteen key informants from a Sri Lankan organization known for its commitment to diversity and inclusion, the study uncovers how global normative and mimetic pressures influence corporate policies. While global markets encourage homogeneity in inclusive practices, corporate and labor market logics contribute to localized variations. The study offers a comprehensive model for organizations aiming to navigate social and legal constraints while promoting workplace inclusivity.

The fourth article focuses on the impact of digitalization on port competitiveness in Colombo, with sustainability initiatives serving as a mediating factor. The study finds that digital transformation, particularly in automation, connectivity, ICT, and security, significantly enhances port competitiveness. While sustainability initiatives fully mediate the relationship between automation, connectivity, and environmental management, they only partially mediate the impact of ICT and security. The research underscores the need for improved infrastructure, investment,

governance, and legal frameworks to ensure that digitalization efforts translate into sustainable port operations.

The fifth article critically examines Sri Lankan labor law reforms, focusing on two key sectors: migrant workers, who are a primary source of foreign remittances, and domestic workers, who operate within the informal economy. Using a Black Letter Methodology, the study finds that both groups have been systematically discriminated against, often based on gender. The research highlights the government's failure to provide effective legal protections and calls for amendments to existing labor laws in alignment with international human rights standards.

The sixth article investigates the impact of digital marketing tools on consumer repurchasing intention in Sri Lanka's food and beverage industry. Using a quantitative approach and a sample of 400 university students in Colombo, the study identifies social media marketing and conversational marketing as key drivers of repurchasing behavior. While email marketing also plays a role, its impact is comparatively lower. The findings provide valuable insights for marketers and policymakers seeking to enhance digital engagement strategies in the Sri Lankan market.

The final article explores the relationship between Green Human Resource Management (GHRM) practices and organizational sustainability in Sri Lanka's public banking sector. Using a structured questionnaire and a sample of 132 banking employees, the study applies descriptive statistics, correlation, and regression analysis to assess the impact of various GHRM practices. The results indicate that Green Recruitment and Green Empowerment positively influence organizational sustainability, while Green Reward Management has a negative impact. However, Green Training and Development, as well as Green Performance Management, show no significant effect. These findings offer practical recommendations for public banks looking to integrate sustainability into their HRM strategies.

We invite you to explore these thought-provoking studies and gain insights into the evolving landscape of business and management research. Your engagement and continued contributions will further enrich this field and drive meaningful discussions.

**Prof. Nishani Wickramaarachchi**  
**Dr. Dinesha Siriwardhane**

**Co-Editors-in-Chief**  
*Journal of Business Research and Insights*



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### Article

## Enhancing Stakeholders Confidence in Financial Reporting through Corporate Governance and Accounting Ethical Practices in Nigerian Non-Financial Services Firms

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### ABSTRACT

This study investigates the role of corporate governance and accounting ethical practices on enhancing stakeholders' confidence in financial reporting in non-financial services firms listed on the Nigerian Exchange Group. Using a longitudinal panel data approach and expo-fact design, the study analyzes secondary data from 16 purposively selected firms over a 20-year period. The study employs statistical techniques such as descriptive statistics and multiple panel regression of Random effect models alongside with some diagnostic test for data analysis. The study found that established ethical codes significantly enhance stakeholders' trust, while unethical accounting practices have a detrimental effect. Furthermore, shareholder activism positively influences financial reporting transparency. The research concludes that corporate governance and accounting ethical practices enhance stakeholders' confidence in financial reporting of the non-financial services firms. The study outcome boosted transparency may attract international investments and enhance market stability. Findings from the study encourage further exploration of governance and ethical dynamics in other sectors. The research calls for stricter regulations to enforce ethical compliance and promote shareholder engagement. The study contributes to more understanding on how ethical and governance practices shape stakeholder confidence in financial reporting within emerging markets. The research recommends that enforcing ethical codes, enhancing shareholder engagement, and instituting regulatory measures to mitigate unethical practices. These findings hold implications for policymakers, practitioners, and academics seeking to foster transparency and accountability in financial reporting.

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## 1. Introduction

In the wake of recent financial scandals in both developed and emerging markets, enhancing stakeholder confidence has become critical for sustainable corporate governance and financial transparency. The integrity of financial reporting has emerged as a cornerstone of stakeholder trust, economic stability, and market efficiency. Transparent, reliable, and ethical financial disclosures are fundamental to fostering confidence among investors, regulators, and the public. Corporate governance and accounting ethical practices play an indispensable role in safeguarding the credibility of financial reporting, particularly in the wake of high-profile corporate scandals such as Enron, WorldCom, and Wirecard. These cases have underscored the devastating consequences of governance failures and unethical practices, eroding public trust and threatening market stability.

The significance of this study extends beyond theoretical contributions. It aims to inform strategies for enhancing financial reporting quality, promoting ethical behavior, and fostering sustainable economic growth. Findings from this research are expected to guide policymakers in strengthening regulatory frameworks, assist practitioners in embedding ethical practices, and contribute to the academic discourse on governance and ethics in emerging economies. This study contributes by providing evidence on how ethical codes and shareholder activism can mitigate unethical accounting practices in Nigeria's non-financial sector. Through a rigorous quantitative analysis of panel data spanning 20 years, this study not only sheds light on the critical role of corporate governance and ethical practices but also offers actionable insights for improving stakeholder confidence. In doing so, the study addresses a pressing need for empirical evidence in this area, positioning itself as a valuable resource for both academic and practical applications.

### 1.2 Research Problem

While extensive research has been conducted on corporate governance and ethical practices in financial sectors, limited attention has been paid to their application and impact in non-financial firms, particularly in emerging economies like Nigeria. The non-financial services sector, encompassing industries such as food processing, manufacturing,

and telecommunications, represents a significant component of Nigeria's economy. However, challenges such as regulatory inefficiencies, weak shareholder activism, and a prevalence of unethical accounting practices hinder its full potential. These issues necessitate a deeper examination of how corporate governance and ethical standards can enhance stakeholders' confidence in financial reporting.

Recent studies have such as Bauer (2015); Enofe, Edemenya and Osunbor (2015); Aigbovo and Abudu (2018); Agwor and Okafor (2018); Bushi (2019); Ogbor Ugherughe and Veronica (2020); Jo, Hsu, Llanos-Popolizio and Vergara-Vega (2021) and Osagioduwa (2022) among others have highlighted the importance of corporate governance and ethics in fostering transparency and accountability. For instance, Griffin (2015) emphasizes the role of ethical codes in mitigating fraudulent financial reporting, while Ogbor et al. (2020) discuss the significance of effective governance structures in maintaining public trust. However, a critical gap exists in the empirical examination of these factors within Nigeria's non-financial firms. Existing literature often generalizes findings from developed economies, overlooking the unique socio-economic and regulatory contexts of emerging markets.

Precisely, the prior studies such as those conducted by Paul (2017); Amponsah, Boateng and Onuoha (2016) Dhiman, Sen and Bhardwaj(2018) Hassan and Mollah (2018); Musa (2019); Mabil (2019); Ghanem and Castelli (2019); Ho, Lee and Wu (2020) and a host of other researchers have not focused sufficiently on non-financial firms in emerging economies like Nigeria. Only few studies provide an integrative analysis linking ethical practices, governance, and stakeholder confidence using empirical data from emerging markets. While studies like Smith (2019) emphasize the importance of ethical practices, they fail to measure quantitative impacts on stakeholder confidence, which this study addresses. Prior studies such as Ogbor et al. (2020) focused predominantly on financial sectors, neglecting the unique challenges of non-financial services firms. International studies (Jo et al., 2021) provide broader insights but lack context-specific evidence from Nigeria. This is conducted to fill the existing gap by covering non-financial services in Nigeria.

Based on the above background and the



identified gaps, this study addresses the research questions that how do established codes of ethics influence stakeholders' confidence in financial reporting in non-financial services firms in Nigeria? What are the effects of unethical accounting practices on stakeholder trust in financial reporting in non-financial services firms in Nigeria? And how does shareholder activism contribute to enhancing financial reporting transparency in non-financial services firms in Nigeria? Furthermore, the study addresses the practical implications of these factors for policymakers, corporate leaders, and academics. This study seeks to bridge these gaps by examining how established ethical codes, shareholder activism, and the mitigation of unethical accounting practices influence stakeholders' confidence in financial reporting. By focusing on non-financial services firms listed on the Nigerian Exchange Group, this research provides a contextualized understanding of the interplay between governance, ethics, and financial transparency.

### 1.3 Objectives of the Study

This research investigates the roles play by corporate governance and accounting ethical practices on enhancing stakeholders' confidence in financial reporting in non-financial services firms in Nigeria. Specifically, the study:

- a. Investigate the role of ethical codes in boosting financial reporting trust in non-financial services firms in Nigeria.
- b. Evaluate the negative consequences of unethical accounting practices in non-financial services firms in Nigeria.
- c. Examine the significance of shareholder activism as a corporate governance tool for enhancing stakeholders' confidence in financial reporting in non-financial services firms in Nigeria.

## 2. Literature Review and Hypotheses

### Development

#### 2.1 Corporate Governance and Stakeholder Confidence:

The theoretical underpinning this research include corporate governance theory and Utilitarianism theory, delineating the moral principles and expected behavior guiding human actions. Corporate governance theory explains the system of rules and practices by which companies are directed and controlled in the best interest of stakeholders (Smith,

2019). The theory emphasizes the importance of ethical principles, transparency, and accountability in organizational decision-making processes (Smith, 2019). On the other hand, Utilitarianism theory posits that actions are morally right if they result in the greatest overall benefit or minimize harm (Shukla & Srivastava, 2016).

Enhancing stakeholders' confidence in financial reporting connotes the strengthening the trustworthiness of financial reporting. Corporate governance is the system of rules and practices by which a company is controlled (Musa, 2019). It is a set of principles designed to ensure that organizations are directed in a manner that promotes fairness, transparency, and long-term sustainable growth, fairness, and responsibility in a company's operations (Obomeile & Ajaude, 2020). However, upholding accounting ethics according to the study will ensure the accuracy, reliability, and trustworthiness of financial reporting (Shukla & Srivastava, 2016) and enhances public trust, credibility, and investor protection. The companies that have formalized codes of accounting ethics in place are better equipped to maintain transparency, integrity, and accountability in their financial reporting practices. Recognizing the significance of stakeholders beyond shareholders, many companies are actively engaging with employees, customers, suppliers, and communities to understand their needs and concerns (Yosep, 2016).

#### 2.2 Accounting Ethics and Financial Transparency:

The ethical practice in accounting is paramount for financial transparency, ensuring the precision and dependability of financial reports while fostering trust among stakeholders. It entails the application of moral conduct and values to accounting procedures, including honesty, integrity, objectivity, and confidentiality (Marquardt, Brown & Casper, 2018). It involves the application of moral behavior and values to the practice of accounting. The significance of accounting ethics extends to upholding professional codes of conduct established by entities such as the Institute of Chartered Accountants of Nigeria (ICAN), the American Institute of Certified Public Accountants (AICPA), and the International Federation of Accountants (IFAC). (Jeewon, Jung-Hyun, Yoonjung, Pillai & Se-Hyung, 2018) It includes data protection, compliance with regulatory frameworks, and cyber-security measures (Obomeile & Ajaude, 2020).

Enhanced transparency and disclosure requirements have become central to corporate governance practices, enabling stakeholders to assess a company's performance and risks accurately (Jo et al., 2021). This includes disclosing financial information, governance structures, and sustainability initiatives (Odar, Jerman, Jamnik & Kavcic, 2017). This includes disclosing financial information, governance structures, and sustainability initiatives (Musa, 2019). Boards are expected to identify, assess, and mitigate risks related to various factors, including ESG (Environmental, Social, and Governance) issues. Aligning executive compensation with long-term performance and sustainability goals is gaining prominence ((Jo et al., 2021).

### 2.3 *Role of Shareholder Activism:*

The increased shareholder activism can serve as a catalyst for improved governance practices and enhanced public trust in financial reporting. Various researchers emphasize the role of shareholder activism in holding corporate boards accountable and promoting transparency in financial reporting (Viana et al., 2021)., Governance Integrity Theory, proposed by Leo Huberts in 2014, emphasizes ethical governance within organizations (Obomeile & Ajaude, 2020). It highlights transparency, accountability, and responsibility in decision-making. In accounting, this theory ensures that financial reporting and auditing are conducted ethically, with robust internal controls and adherence to standards (Obomeile & Ajaude, 2020). Ethical governance practices build trust among stakeholders and safeguard the integrity of financial markets (Obomeile & Ajaude, 2020).

### 2.4 **Hypotheses Development:**

The corporate governance theory introduced by Leo Huberts (2014) posits that established codes of ethics reduce information asymmetry (Smith, 2019). Prior studies (Bauer, 2015; Musa, 2019) show positive correlations between ethical codes and financial trust. The theory further explained that ethical governance practices build trust among stakeholders and safeguard the integrity of financial markets (Obomeile & Ajaude, 2020). Thus, the established codes of ethics serve as guiding principles for accounting professionals to uphold integrity and transparency in financial reporting.

Paul (2017) examined ethics and financial reporting: A study of accounting professionals in the

US and discovered the important role of ethical standards in shaping the conduct of accounting professionals and their influence on the accuracy and transparency of financial reporting. The traditional perspective of maximizing shareholders' value often focuses solely on short-term financial gains, potentially neglecting broader societal and environmental impacts (Bush, (2019)). However, there is a growing realization that sustainable value creation can lead to long-term financial success while also addressing societal needs and ethical considerations (Osagioduwa, 2022). In view of the above contents, the hypothesis one is formulated below:

**Hypothesis 1:** There is a positive relationship between adherence to established codes of ethics and stakeholder confidence in financial reporting in non-financial services firms in Nigeria.

Looking at Utilitarianism theory coined by the British philosopher John Stuart Mill in 1861, the theory posits that actions are morally right if they result in the greatest overall benefit or minimize harm (Shukla & Srivastava, 2016). Mabil (2019) carried out a study to highlight the positive impact of ethical decision-making processes on public trust and the resulting improvement. The study found that adherence to ethical decision-making processes in accounting firms led to improved public trust, which enhanced the overall quality of financial reporting. Unethical accounting practices pose a significant threat to the integrity of financial reporting and erode public trust.

Research by Griffin (2015) examining how unethical practices rife among accountants detects that unethical accounting practice undermined the moral standards, eroding public trust in financial reports. Such unethical practices erode public trust by distorting the true financial position and performance of the organization, leading stakeholders to question the integrity and transparency of the reported data (Odar et al., 2017). Corporate governance practices encompass a range of mechanisms aimed at ensuring accountability, transparency, and ethical behavior within organizations.

**Hypothesis 2:** Unethical accounting practices negatively impact stakeholder trust in financial reporting in non-financial services firms in Nigeria.

Trustworthiness in financial reporting according to Governance Integrity Theory is essential for maintaining investor confidence and market stability (Svanberg & Öhman, 2016). Ghanem and Castelli.(2019) conducted an investigation on

transparency in financial reporting and its impact on market trust: An empirical analysis and found that increased transparency significantly enhances market trust and organizational value. The significance of accounting ethics and governance integrity in promoting public trust in financial reporting landscape is paramount (Ogbor, Ugherughe & Veronica, 2020). This because accounting ethical lapses and governance failures have led to adverse consequences such as investor distrust, corporate collapse, and reputational damage, as evidenced.

Cases of fraud like Enron and WorldCom scandals, illustrated the consequences of unethical behavior and the importance of robust governance structures (Smith, 2019). The study by Mabil (2019) examines the effects of accounting ethics on the quality of financial reporting in South Sudan, emphasizing on transparency and accurate financial reporting and found the pivotal role of ethics, particularly integrity, in shaping accountants' conduct. Ethical codes outline ethical standards and guidelines for conduct, which can enhance credibility and trustworthiness in the eyes of stakeholders such as investors, regulators, and the general public (Yosep, 2016). By adhering to these ethical standards, companies aim to mitigate the risk of financial misconduct, fraud, and unethical behavior, thereby fostering greater confidence and trust in their financial reporting.. Thus the hypothesis one below guides the above explanations The instances of accounting unethical behaviors, such as fraudulent financial reporting, manipulation of financial statements, or misleading disclosures, undermine the credibility and reliability of financial information provided by companies (Shukla & Srivastava, 2016). Hypothesis 3: Shareholder activism is positively associated with increased financial reporting transparency in non-financial services firms in Nigeria.

**3. Methods**

This research utilizes expo-fact design and longitudinal quantitative approach to investigate the impact of corporate governance and accounting ethical practices on enhancing stakeholders' confidence in financial reporting of among the listed non-financial services on the listed on the Nigerian Exchange Group plc over a period of twenty (20) years from 2024 to 2023. The study purposively covers sixteen (16) non-financial services firms in

Nigeria to obtain industry-based secondary data through government statistics and the annual reports of the firms that have relevant data to perform the quantitative analysis. The selection was based on those that have been listed on or before 2014 but not have delisted as of 31th December, 2023 and only those have relevant data were finally considered. Secondary data were purposively collected from sixteen prominent non-financial services firms in Nigeria spanning a twenty-year period from 2004 to 2023. The selected firms are playing significant roles in their industries, necessitating their selection.

The statistical techniques used in this study for data analysis including descriptive statistics, multiple panel regression models comprising fixed effect model, random effect model and pooled least square method. Various tests including multicollinearity test, panel unit root test, models selection and other post data tests among other were carried out for robustness, reliability and stability of the data as employed by previous researchers such as Shukla and Srivastava (2016), Ghanem and Castelli (2019), Smith (2019), and Viana et al. (2021), were employed for data estimation. Additionally, pre and post-data tests were conducted to enhance the robustness of the results.

**3.1: Model Specification**

This study's two models stated in regression forms are these below:

$$ESCFR_{it} = \beta_0 + \beta_1 ECE_{it} + \beta_2 UAP_{it} + \beta_3 SA_{it} + e_{it} \dots \dots \dots 1.2)$$

Where :

- ESCFR = Enhancing Stakeholders Confidence in Financial Reporting
- ECE = Established Codes of Ethics
- UAP = Unethical Accounting Practices
- SA = Shareholder Activism
- $e_{it}$  = Stochastic error terms
- t = Time period
- i = Cross section unit
- $\beta_0$  = Constant intercept
- $\beta_1 - \beta_3$  = Coefficient of variables

**4. Results**

This section comprises the study's data analysis and the results of the analysis

Table 2 presents a comprehensive analysis of key metrics related to restoring stakeholders' confidence in financial reporting within the non-financial services firms in Nigeria. The mean value for enhancing stakeholders' confidence in financial reporting.

**Table 1: Variable Measurement**

Variables	Description	Source	Literature Evidence
<b>Independent Variables</b>			
Established Codes of Ethics (ECE)	Binary number 1 if a company documented its codes of ethics and 0 if not	Companies' annual reports and indices published by regulatory bodies	Svanberg and Öhman (2016)
Unethical Accounting Practices (UAP)	Binary number 1 for presence of accounting fraud cases and 0 for its absence.	Companies' annual reports and indices published by regulatory bodies	Smith (2019)
Shareholder Activism (SA)	Log of number of shareholder proxy votes.	Companies' annual reports and indices published by regulatory bodies	Ogbor et al. (2020)
<b>Dependent Variables</b>			
Enhancing Stakeholders confidence in Financial Reporting (ESCFR)	Log of number of times the financial statements are reinstated due to accounting irregularities.	Companies' annual reports and indices published by regulatory bodies	Osagioduwa (2022)

*Source: Data compilation, 2024*

Table 1 discloses the variables employed in this study.

Variable	ESCFR	ECE	UAP	AS
Mean	0.085000	0.794000	0.110000	0.055000
Median	0.070000	0.935000	0.040000	0.015000
Maximum	0.170000	0.970000	0.470000	0.210000
Minimum	0.030000	0.360000	0.030000	0.010000
Std. Dev.	0.057320	0.228408	0.136220	0.067479
Skewness	0.209045	-1.112998	1.840226	1.345321
Kurtosis	1.271514	2.554110	5.084733	3.326376
Jarque-Bera	21.08309	34.35918	119.2789	48.97386
Probability	0.000026	0.000000	0.000000	0.000000
Sum	13.60000	127.0400	17.60000	8.800000
Sum Sq. Dev.	0.522400	8.295040	2.950400	0.724000

**Table 2: Descriptive Analysis:**

*Source: Data Analysis, 2024*



reporting (ESCFR) is recorded at 0.085, suggesting that, on average, stakeholders' confidence in financial reporting across these industries is approximately 9%. Moreover, the mean value for established codes of ethics (ECE) is reported as 0.794, indicating that the establishment of codes of ethics could potentially boost public trust in financial reporting by a significant margin of 79.4%. Furthermore, the analysis reveals that the average percentage of unethical accounting practices (UAP) within these industries is 0.110, suggesting that unethical accounting practices occur at an average lower rate of 11%. Additionally, the mean value for shareholder activism (SA) is calculated to be 0.055, indicating a relatively low level of shareholder activism at 5% within the non-financial services firms in Nigeria. This lower level of shareholder activism may impact the efficacy of efforts to restore stakeholders' trust in financial reporting.

**Table 3: Panel Unit Root Test:**

Variable	t-statistics	Probability
ESCFR	93.7050	0.0000
ECE	111.621	0.0000
UAP	68.8787	0.0002
SA	116.967	0.0000

**Source: Data Analysis, 2024**

This study in Table 3 utilizes the ADF-Fisher method to conduct panel unit root testing. The variable of enhancing stakeholders' confidence in financial reporting (ESCFR) discloses a t-statistic value of 93.7050, with a probability of 0.0000, suggesting stationary behavior at the level without a unit root. The variable of established codes of ethics (ECE) exhibits a t-statistic value of 111.621, with a probability of 0.00, indicating a lack of unit root at the level. Moreover, the variable of unethical accounting practices (UAP) register a statistic value of 68.8787, with a probability of 0.0002, confirming its stationary behavior at the level without a unit root. The variable of shareholder activism (SA) portrays a t-statistic value of 116.967, with a probability value of 0.0000, indicating stationarity at the level and the absence of a unit root.

**Table 4: Model Selection and Other Tests**

Tests	Statistics	Prob.	Decision	Selected Model
F-rest	6.5	1.000	Accept H <sub>0</sub>	POLS
Breusch-Pagan	8.9	0.003	Reject H <sub>0</sub>	RE
Cross-sectional dep.	34.641	6.099	Accept H <sub>0</sub>	NP

**Source: Data Analysis, 2024**

Table 4 showcases the outcomes of rigorous model selection and various diagnostic tests. The F-restricted test, aimed at discerning between the pooled least squares (PLS) method and the fixed effect (FE) model, yielded a statistic of  $F(15, 141) = 6.5$ , with a p-value of 1.000, leading to the acceptance of the null hypothesis that FE is not a suitable model, thus lending support to the PLS method. Additionally, the Breusch-Pagan test, comparing the PLS and random effect (RE) model, returned a statistic of  $\text{Chi-sq.}(1) = 8.9$ , with a p-value of 0.002869, prompting the rejection of the null hypothesis that the RE effect is unsuitable. Consequently, the RE model emerged as the most appropriate among the three. The CD test for cross-sectional dependence yielded a statistic of 34.641, with a probability of 0.609957, indicating an absence of fundamental errors in the utilized data analysis model. Table 6 reveals that the coefficient of determination (R<sup>2</sup>) for enhancing stakeholders' confidence in financial reporting (ESCFR) stands at 0.768464. This value indicates that approximately 77% of the variance in ESCFR can be explained by the establishing codes of ethics (ECE), unethical accounting practices (UAP), and shareholder activism (SA). The remaining 23% of the variability in ESCFR is ascribed to the error term. Considering other variables included in the error term, the adjusted R<sup>2</sup> value is 0.764012, implying that ECE, UAP, and SA collectively still account for 76% of the variation in restoring stakeholders' confidence in financial reporting within the non-financial services firms in Nigeria.

**Table 5 Regression Analysis: Random Effect Model****SERIES: ESCFR, ECE, UAP, SA**

Method: Random Effect Model Include 16 Cross-sectional Units Time Series Length: 20 Dependent Variable: ESCFR				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	4.201590	0.227310	18.48393	0.0000
ECE	4.315939	0.227953	18.93347	0.0000
UAP	-1.346635	0.083674	-16.09374	0.0000
AS	12.93828	0.680035	19.02589	0.0000
R-squared		0.768464		
Adjusted R-squared		0.764012		
Durbin-Watson stat		2.759068		

**Source: Data Analysis, 2024**

Moreover, the coefficient of the established codes of ethics (ECE) is noteworthy, with a positive value of 4.315939 and statistical significance ( $P=0.0000 < 0.05$ ), rejecting the null hypothesis that the established ethical codes have no impact on enhancing stakeholders' confidence in financial reporting of non-financial services firms in Nigeria. This suggests that a one-unit increase in established codes of ethics correlates with a 30% rise in stakeholders' confidence in financial reporting within business industries in Nigeria.

Conversely, the beta value of unethical accounting practices (UAP) stands at -1.346635, also significant ( $P=0.000 < 0.05$ ), indicating a negative relationship and declining the null hypothesis that there is no negative impact of unethical accounting practice on enhancing stakeholders' confidence in financial reporting of non-financial services firms in Nigeria. A one-unit decrease in unethical accounting practices leads to a 1.4% increase in the stakeholders' trust in financial reporting. Additionally, the coefficient for shareholder activism (SA) is positive at 12.93828, significant ( $P=0.0000 < 0.05$ ). This result declines the hypothesis that shareholder activism goes no impact on enhancing stakeholders' confidence in financial reporting of non-financial services firms in Nigeria, suggesting that a one-unit increase in shareholder activism results in a 12.9% boost in stakeholders' confidence. Furthermore, the Durbin-Watson statistic of 2.759068 exceeds 2, indicating no serial correlation.

**Table 3: Multicollinearity Test:**

Variable	Tolerance	VIP
ECE	502.466	1.000
UAP	24.0800	0.947
SA	390.300	0.997

Note: Minimum possible value = 1.0, Values (VIP) > 10.0 may indicate a collinearity problem

**Source: Data Analysis, 2024**

Table 3 presents the results of the Variance Inflation Factor (VIF) analysis, a method employed to detect multicollinearity within a dataset. According to Ogbo et al. (2020), a VIF exceeding 10 suggests the presence of multicollinearity. Upon examination of the test results, it is evident that multicollinearity is not a concern among the variables under scrutiny, as each variable's VIF falls below the threshold of 10.

#### 4.1 Discussion

The study investigates improving stakeholders' confidence in financial reporting through corporate governance and accounting ethical practices, focusing on the non-financial services firms in Nigeria. The models selection tests results suggested the Random Effect as the most appropriate model for data analysis. The R2 value of indicated a substantial impact of the study's explanatory variables on enhancing stakeholders' trust in financial reporting. The adjusted R2 value highlighted the robustness of the model in explaining variation in the dependent variables.

Notably, the coefficient associated with the established codes of ethics stands positive and statistically significance to reject the hypothesis that the established ethical codes have no impact on enhancing



stakeholders' confidence in financial reporting of non-financial services firms in Nigeria, suggesting that a one-unit increase in the established codes of ethics for accountants will cause a rise in the stakeholders' confidence in financial reporting within non-financial services firms in Nigeria. On descriptive analysis result disclosed high proportion rates of the established codes of ethics and shareholders' activism, but low proportion of unethical accounting practices, indicating high established code of ethics and shareholders' activism, but lower prevalent of unethical accounting practices within these firms. These results support findings by Odar et al. (2017) and Musa (2019) who emphasize the role of ethical codes in reducing information asymmetry. The positive impact of ethical codes aligns with corporate governance theory, confirming that robust governance structures are crucial for stakeholder trust

Conversely, the beta value of unethical accounting practices is negatively significant, indicating a negative relationship, rejecting the hypothesis that there is no negative impact of unethical accounting practice on enhancing stakeholders' confidence in financial reporting of non-financial services firms in Nigeria. That is, a one-unit decrease in unethical accounting practices will increase the stakeholders' confidence in financial reporting. Griffin (2015) and Shukla & Srivastava (2016) also found that unethical practices severely compromise financial transparency and trust. Utilitarianism theory supports that actions are morally right if they result in the greatest overall benefit or minimize harm (Shukla & Srivastava, 2016). Accordingly, individuals are encouraged to choose actions that maximize happiness for the majority, as opposed to those that produce adverse consequences.

Additionally, the coefficient for shareholder activism is positive and significant, thus the null hypothesis that shareholder activism goes no impact on enhancing stakeholders' confidence in financial reporting of non-financial services firms in Nigeria is rejected, suggesting that a one-unit increase in shareholder activism will boost the stakeholders' confidence. Shareholder engagement strengthens governance mechanisms, as suggested by overnance integrity theory.. Viana et al. (2021) report similar findings on shareholder activism driving improved financial transparency in emerging markets.

Increased shareholder activism could attract more investments, given its role in ensuring accountability.

These results corroborate Mabil, A. N. (2019), who identified shareholder activism as a critical factor in financial reporting quality. Despite low levels of shareholder activism in Nigeria, the findings suggest its significant potential. These findings are also consistent with the research results of Agwor and Okafor (2018); Ho et al. (2020); Bushi (2019); Ogbor Ugherughe and Veronica (2020); Jo et al. (2021); Osagioduwa (2022) where there-in was discovered the importance of accounting ethics and corporate governance on trustworthiness of financial reports of business organizations in the researchers; domains. Furthermore, the Durbin-Watson statistic of 2.759068 exceeds 2, indicating no serial correlation.

The positive coefficient for ethical codes aligns with corporate governance theory, which advocates for transparency and accountability as drivers of stakeholder confidence. The theory of corporate governance focuses on adherence to ethical principles, transparency, accountability, and responsibility in decision-making processes within organizations and emphasizes the effectiveness of systems and processes to ensure ethical conduct and accountability (Smith, 2019). Also, the ethics of character (Utilitarianism theory), for instance, prioritize the moral worth of actions based on the character of the individual rather than adherence to rigid laws, while. The reviewed theories support the study's results by emphasizing on the need for the practices of ethical conduct and accountability within organizations. Promoting transparency, fairness and responsibility in non-financial services firms will enhance their performances. In the Nigerian non-financial sector, where regulatory compliance is often weak, these results underline the importance of institutionalizing ethical codes to build trust.

Generally, the Durbin-Watson statistic suggests the absence of serial correlation, enhancing the reliability of the regression results. This suggests that the residuals are not correlated with each other, affirming the reliability of the regression analysis results. The cross-sectional dependence (CD test) results indicate that the model used for data analysis is robust and free from fundamental errors. Additionally, the absence of fundamental errors in the model further strengthens the credibility of the research findings. More so, the findings indicate that none of the variables exhibit VIF values greater than 10, suggesting the

absence of multicollinearity issues. This implies that the relationships between the variables are distinct and not excessively influenced by correlations among predictors. Another key finding on the stationarity of variables such as Chief Executive Officer-to-worker pay ratio, restoring stakeholders' confidence in financial reporting, established codes of ethics, instances of unethical accounting practices, and shareholder activism indicate the absence of unit roots

The findings suggest several implications for stakeholders, policymakers, and corporate governance practitioners. Firstly, the stationary nature of key variables implies stability in the factors influencing trust in financial reporting, indicating a potential foundation for sustainable governance practices. Additionally, the descriptive analysis provides insights into the current state of trustworthiness and ethical practices within the non-financial services firms in Nigeria, highlighting areas for improvement and intervention. Addressing these factors can contribute significantly to restoring stakeholders' trust in financial disclosures, ultimately fostering transparency and accountability in corporate governance practices.

This study's results showcase some economic, academic and policy implications. Firstly, the study outcome boosted transparency may attract international investments and enhance market stability. Findings from the study encourage further exploration of governance and ethical dynamics in other sectors. The research calls for stricter regulations to enforce ethical compliance and promote shareholder engagement. The study offers data for cross-sectoral studies in emerging markets. The findings from the study advocate for need for stricter enforcement of ethical codes and active shareholder engagement.

## **5. Conclusion:**

The study found a positive impact of ethical codes and shareholder activism on enhancing financial reporting and discovered a positive impact of accounting ethics on transparent reporting in listed non-financial services firms in Nigeria and the detrimental effects of unethical practices. Based on the findings, the study concludes that the establishment of codes of ethics, strong shareholder activism and the reduction of unethical accounting practices are crucial for enhancing stakeholder

confidence in financial reporting of non-financial services firms in Nigeria. Therefore, corporate governance and accounting ethical practices enhance stakeholders' confidence in financial reporting of business entities. In summary, the findings underscore the importance of implementing code of practices for accountants, increasing in shareholders' activism and guiding against unethical accounting practices in our industries. Addressing these factors can contribute significantly to the enhancement of stakeholders' confidence in financial disclosures, ultimately fostering transparency and accountability in corporate governance practices.

Overall, the study contributes to the understanding of the factors enhancing stakeholders' confidence in financial reporting and upholds the importance of corporate governance and ethical practices in maintaining the trust among non-financial services firms in Nigeria study thus enriches corporate governance and ethical practice frameworks by offering evidence from an emerging market; provides robust, longitudinal data linking governance mechanisms to stakeholder trust in Nigerian firms; offers actionable insights for policymakers and corporate stakeholders and provides robust evidence for policymakers and practitioners seeking to enhance transparency and accountability in financial reporting.

## **5.1 Recommendations**

Based on the findings, the study recommends that non-financial services firms' managers should mandate ethical training programs for their accountants and auditors. They should implement whistle-blowing policies to detect and deter unethical practices. The policymakers should enforce stricter penalties for non-compliance with governance standards. They should incentivize shareholder activism through policy frameworks. The academics: should conduct interdisciplinary research on corporate governance and ethics, integrating insights from sociology and psychology. However, the study focus on non-financial services firms may limit generalizability across sectors. However, future research should investigate the role of digital governance tools or conduct comparative studies across African countries.

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### Article

## Antecedents of Continuance Usage of Omnichannel Retailing: Refer to Younger Generation in Sri Lanka

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### ABSTRACT

Omnichannel retailing provides opportunity to move across both online and physical channels seamlessly while getting the same experience. There are high potentials of using omnichannel approaches however, consumers' intention of continuous usage of omnichannel in Asian countries are very rare. The purpose of this study is to investigate the factors influencing younger generations' intention of continuance usage of omnichannel retailing in Sri Lanka. The study used deductive approach followed with explanatory research design. Unified Theory of Acceptance and Use of Technology (UTAUT2) model was utilized to identify the influencing factors. 450 younger adults in Western province represented as the sample. Out of 437 responses were received, 265 respondents were highly intended to use omnichannel retailing. Results revealed that performance expectancy is the significant leading predictor, followed by hedonic motivation. Effort expectancy, social influence, habit, personal innovativeness and perceived security had significant positive relationship with continue intention to use omnichannel retailing. To leverage social connections to drive purchasing decisions, implementation of social media strategies, influencer marketing, and user-generated content to create a sense of community and encourage social validation are suggested areas for the retailers. The present study provide the consumer's viewpoint on the omnichannel shopping behavior and performed a multidimensional analysis to describe continuance usage intention behavior of omnichannel customers. It also contributes to the field of information technology by empirically investigating the influence of technology acceptance factors on continuance usage intention behavior and also confirmed that UTAUT 2 model is valid in the omnichannel retailing context in developing country.



## Introduction

With the advancement of digitalization, electronic commerce (e-commerce) has evolved a major transaction behavior between sellers and consumers. Sellers operate offline stores and online sites together to provide consumers with a variety of channels and consumers can search for and purchase products across multiple channels such as online, offline, and mobile. This trading environment is called omnichannel (Song and Jo, 2023). It is precisely the rise of e-commerce that has somewhat forced retailers to adopt multichannel retail strategies to provide potential customers with the same brand experience across multiple channels, thereby facilitating their buying journey (Mosquera et al., 2017). Omnichannel retail refers to a complete integration of online and offline sales channels to offer customer a seamless shopping experience (Iglesias-Pradas and Acquila-Natale, 2023).

A customer looking for quick purchases may prefer to buy via a mobile application, while another customer who wishes to experience more immersive shopping may prefer to shop in a physical store. That is, omnichannel retailers provide customers with more options, which in turn increases the sales for retailers (Grewal et al., 2021). As well, omnichannel users can save money than traditional transactions in terms of efficiency, price, convenience, and comparison. On the other hand, omnichannel operation allows retailers to collect valuable details on customer shopping habits and preferences. By tracking customer interactions through different channels along the shopping process, retailers can gain insight into customer behavior, provide them with products that are most relevant to them, and adapt their marketing strategies to better target their audience and satisfy their needs (Kalinić et al., 2020). From a wider perspective, retailers can also use these data to identify market trends and make informed decisions about their products, marketing strategies, and sales channels (Iglesias-Pradas and Acquila-Natale, 2023).

As omnichannel adds new value to both consumers and retailers in many ways, the number of consumers who want to utilize omnichannel is steadily increasing. Omnichannel retail commerce platform market size was valued at USD 5.36 billion in 2023. It is projected to grow from USD 21.86

billion by 2032 (Dhapte, 2024). It was also reported that 87% of retail leaders agree omnichannel strategy is preeminent to business success (ResearchLive, 2017). By 2030, the market for omnichannel retail commerce platforms is anticipated to grow at a noteworthy CAGR of 19.2% and reach up to \$14.3 billion (Song and Jo, 2023). In the current economic environment, where omnichannel is widespread and continuously evolving, sellers, consumers, and distributors will be more inclined to exploit its possibilities. Thus, economic sustainability can be strengthened. In this context, it is very meaningful to reveal the continuous use behavior of omnichannel users and their antecedents.

The advancement of omnichannel retailing has built opportunities for scholastics to measure insights that will shed some light challenges faced by consumers and retailers. From the above, it is evident that omnichannel retail will play an important role in shaping the future of e-Commerce, and that retailers adopting omnichannel strategies will be at a better position to meet their customers' changing needs and preferences in a digital world. Advancement of technologies and applications for omnichannel retailing are shaping the way retailers interact with customers (Grewal et al., 2021).

Customers expect a consistent, uniform, and integrated service or experience, regardless of the channel they use, they are willing to move seamlessly between channels (traditional store, online, and mobile). The omni shopper no longer accesses the channel, but rather is always in it or in several at once, thanks to the possibilities offered by technology and mobility. The ultimate goal of marketing efforts is to satisfy and retain customers at profits. Thus, it is required the customer continuing to transact with the firm. It was argued (Choubey & Gautam, 2024) that omnichannel retailing provides information related to price, product knowledge, and functions across the channel and improves customers' experience which helps the organization in retaining customers. When envisioning the future of omnichannel retailing, retailers should have an ability to achieve competitive advantage by using this omnichannel retailing, only if consumers continuously use it (Kaur et al., 2019). To date, the many existing studies around omnichannel research have examined the consumer motivations in intention to use; a comprehensive investigation of antecedents of the continuance intention of omnichannel users remains



relatively underexplored (Choubey & Gautam, 2024; Sharma and Fatima, 2024). Understanding intention of continuous usage of omnichannel is pivotal for omnichannel retailers because habitual shoppers offer steady sales revenue (Shen et al., 2018), retaining existing customers is cost-effective and contributing to valuable word-of-mouth marketing (Kalinić et al., 2020). Thus, a deep understanding of determinants of the continuance intention of omnichannel users is required to incorporate shopping habit into customer retention strategies.

Among the Asian countries as a developing country Sri Lanka, sufficient effort have not been taken to examine the potential of usage in omnichannel retailing (Muhamed, 2019). The objective of this study is to examine the factors influencing continuance intention of omnichannel users in Sri Lanka. This study mainly focuses on the younger generation in Sri Lanka because they always attempt with new technologies and new trends. According to the Central Bank report (2022), 78 percent of internet usage in Sri Lanka represents by the younger adults (age between 18 – 27 years). The scope of the study is to explain the continuance intention of omnichannel users by Unified Theory of Acceptance and Use of Technology (UTAUT 2). Acknowledging Song and Jo (2023), this study defined omnichannel retailing as a commerce platform in which various channels can be used simultaneously such as online, offline, and mobile based on information technology (e.g., mobile app, web, customer information processing system). Given this context, we summarise our research question as; what are the internal and external factors influencing younger generations' continuance intention of using omnichannel retailing in Sri Lanka.

Our study differs in that it considers factors related to the behavior of omnichannel continuous users more comprehensively than previous studies. The present study explains performance expectancy and effort expectancy as technological factors. Since payment security plays a significant role in ensuring confidence, perceived security is involved in consumers' payment behavior. Consumers' habit, personal innovativeness and hedonic motivation may systematically explain internal environment. And social influence may play a significant role in generating continuance usage intention. Finally, this

research makes a valuable contribution to the sustainable omnichannel retailing by identifying the factors affecting the intention to continue using omnichannel.

## Literature review

### *Omnichannel*

The term 'omnichannel' is extracted from the term "omni" itself which is a Latin word meaning, "all" or "universal" (Dhebar, 2013); implying that "everywhere" or "everything" which point out combining everything of various channel approaches. The basic idea of omnichannel approach is facilitating seamless experience to consumers by using both physical and online channels. Customers expect a consistent, uniform, and integrated service or experience, regardless of the channel they use, they are willing to move seamlessly between channels – traditional store, online, and mobile – depending on their preferences, their current situation, the time of day, or the product category (Piotrowicz & Cuthbertson, 2014). Thanks to the possibilities offered by technology and mobility, present day shoppers want to use their own digital devices to perform searches, compare products, ask for advice, or look for cheaper alternatives during their shopping journey in order to take advantage of the benefits offered by each channel (Yurova et al., 2017).

### *Empirical Review*

Prior studies discovered key antecedents of purchase intention and consumer behavior in the case of omnichannel by integrating technology acceptance model (TAM), unified theory of acceptance and use of technology (UTAUT), and UTAUT2, theory of planned behavior (TPB), stimulus-organism-response (S-O-R) and task-technology fit (TTF) models (Kim et al., 2022; Mosquera et al., 2018; Santosa et al., 2021). They discovered that purchase intention is affected by performance expectancy, effort expectancy, facilitating conditions, personal innovativeness, risk and cost, compatibility, usefulness, ease of Use, hedonic motivation, habits, trust, perceived risk, anxiety, need for interaction, situational factors, and privacy concerns. In addition, information consistency, channel accessibility, and personal data integration, store atmosphere and perceived service quality significantly affect perceived retention and participation in omnichannel retailing.

Figure 1 shows the conceptual framework to examine the factors influencing intention of continuance usage of omnichannel users in Sri Lanka. In do so, the study utilised Unified Theory of Acceptance and Use of Technology (UTAUT 2). As proposed by Venkatesh et

al. (2003), UTAUT combined eight main theories ranging from human behavior to technology usage namely Theory of Reasoned Action (TRA), Technology acceptance Model (TAM), Motivational Model (MM), Theory of Planned Behavior (TPB), Combined TAM and TPB, The model of PC Utilization, The Innovation Diffusion Theory and Social Cognitive Theory. UTAUT initially contained four factors: performance expectancy, effort expectancy, social influence and facilitating conditions. UTAUT2 has emerged with adding new dimensions such as Hedonic motivation, price value and habit. As Venkatesh et al. (2012) opined, UTAUT2 needs to be applied to various technologies and contexts, need to be verified its applicability, especially in the context of consumer behavior. **In line with this**, the study posited that continuance usage intention is formed performance expectancy, effort expectancy, perceived security, habit, personal innovativeness, hedonic motivation and social influence.

Performance expectancy could be measured as benefits, time, convenience and speed obtained by consumers, diversity, and the performance conducted in personal campaigns, price and cargo processes (Kazancoglu and Aydin, 2018). Performance expectancy manifests the utilitarian value provided to users by new technology. The utilitarian benefits of omnichannel should be linked to time saving, price comparison, discounts, varieties offer and so on. If omnichannel enables consumers to obtain more useful benefits and shop more effectively, they will continue to use it. Thus, the present study surmises that performance expectancy accelerates the formation of continuance intention.

**H1:** Performance expectancy positively influences on younger generations’ intention of continuance using of omnichannel retailing.

Effort expectancy defines as the degree of ease with which consumers use various touch points in the retailing operation (Vishwakarma et al., 2020) and it assesses the perception of how easy/complex a novel technology is to use (Venkatesh et al., 2003).

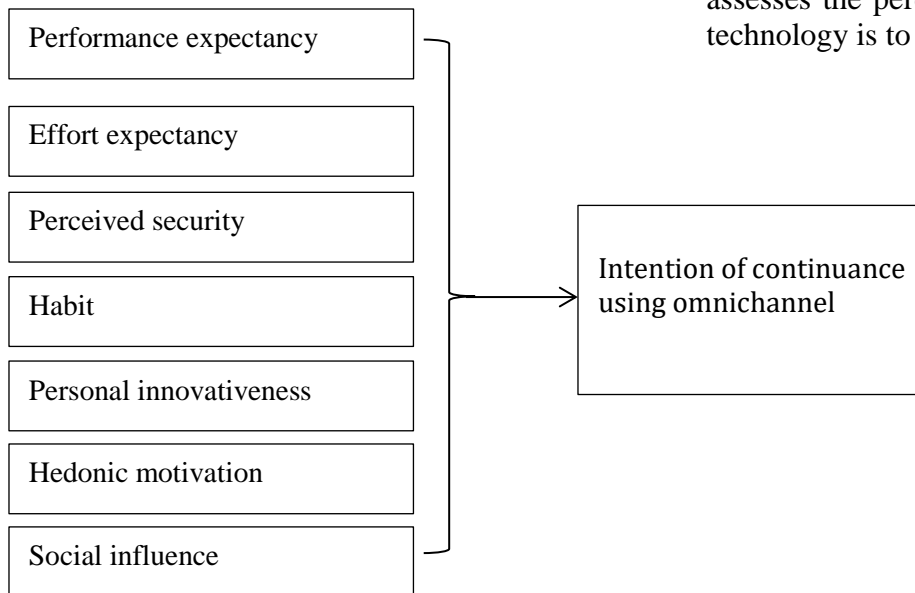


Figure 1: Conceptual model

Performance expectancy is defined as when consumers are using different channels and or technologies during the shopping journey, they will be provided many benefits than they spent (Venkatesh et al., 2012), as the degree to which using a technology will provide benefits to users in performing certain activities (Venkatesh et al., 2003).

Consequently, improving interfaces, streamlining the steps to use, and decreasing the amount of data input will inherently increase the propensity to use technology (Aydin, 2023). Omnichannel is a combination of various channels and information, denoting as a complex system. Thus, it should be developed so that users can use without making much efforts. The easier an omnichannel platform is to use,

the more likely consumers are to continue using it. Hence, this study predicts that effort expectancy elevates the level of continuance intention.

**H2:** Effort expectancy positively influences on younger generations' intention of continuance using omnichannel retailing.

Social influence defines as the extent to which consumers understand that people who are valuable to them (friends, family members, etc.) think they must use different channels according to their needs (Huang & Qin, 2011). It positively affects behavioral intention in various contexts such as Mobile application, Mobile banking, Facebook (Song and Jo, 2023).

Considering that mobile apps, social media and e-banking services, which are mainly used to communicate with peers, friends, and family, the significance of social influence may even be more pronounced. Moreover, high mobile device penetration and social media use starting from an early age among Gen-Z may also augment the importance of social influence on behavioural intentions (Aydin, 2023). Moreover, social influence may have a stronger effect on initial use but a weaker effect on continued use and adoption as friends, colleagues and family can influence the trial behaviour but possibly not long-term behaviour. Despite the significant effect, Huang and Yang (2020) revealed insignificant effects of social influence on behavioural intentions. This may partly be attributed to the differences in context and sample characteristics. Hence, this study proposes that when the social influence is higher, consumers are likely to use omnichannel continuously more.

**H3:** Social influence positively influences on younger generations' intention of continuance using omnichannel retailing.

Habit is defined as the quantity of tend to execute behaviors automatically in individuals (Limayem et al., 2007). As shown in Rizvi & Siddiqui (2019) study, habit had a most substantial positive effect on purchasing behavior of omnichannel retailing. Venkatesh et al. (2012) also revealed that there is a direct impact of habit towards the intent to purchase. As users form a more favorable habit toward omnichannel, their intention to use may increase.

Therefore, the present study suggests that habit facilitates continuance intention.

**H4:** Habit positively influences on younger generations' intention of using continuance omnichannel retailing.

Hedonic motivation is defined as the entertainment or pleasure which occurs from using technology (Venkatesh et al., 2012). It positively leads to the consumers' online buying intention (Escobar-Rodríguez & Carvajal-Trujillo, 2014). Despite the fact that e-commerce apps are not primarily designed to offer enjoyment, incorporating enjoyable features or entertainment gratification can help promote the apps and keep users engaged (Yuan et al., 2015). Nguyen et al. (2022) further argued that the younger generation expects and values enjoyable experiences across a wide range of services, including m-banking, m-health and m-commerce. However, studies on mobile banking apps have yielded inconsistent findings regarding the link between hedonic motivation and continuance intention (Huang and Yang, 2020). Critics highlight, especially for younger people in developing countries where exposure to global companies and the English language is limited, and instead, the potential users may be drawn towards user reviews rather than assessing the entertainment or pleasure of apps. If omnichannel promotes the entertainment or pleasure, customers are more likely to use it. Accordingly, this study establishes the following hypothesis.

**H5:** Hedonic motivation positively influences on younger generations' intention continuance of using omnichannel retailing.

Personal innovativeness defines as the level of a person who favors to attempt new and various products or channels and to discover new experiences essential a more boundless search (Midgley & Dowling, 1978). Consumer innovativeness is a major influential factor in technology adoption and purchase intention (San Martín & Herrero, 2012). Adoption to use mobile payment apps (Liébana-Cabanillas et al., 2021) and omni channel retailing (Rizvi & Siddiqui, 2019) are significantly formed by personal innovativeness. As users form a more attempts to discover new experiences, their intention to use may increase. Therefore, the study suggests that personal innovativeness facilitates continuance using intention.

**H6:** Personal innovativeness positively influences on younger generations' intention continuance of using omnichannel retailing.

Risk in e-commerce includes performance risk, financial risk, and transaction/privacy risk (Jo, 2021). Perceived security is described as a consumer's subjective assessment of the potential secure on an online transaction (Kim et al., 2022). In an omnichannel retailing, consumers pay through the web or mobile app. Also, consumer details are shared in various channels. Payment mechanisms in omnichannel may cause consumers to feel anxious in the transaction process. Individuals' concern about unauthorized access to their personal information can lead to a tendency to keep their information private, resulting in a lower inclination to use online transactions. Not surprisingly, studies on mobile banking have demonstrated that privacy concerns negatively affect users' behavioural intentions (Aydin, 2023). Trust in the service provider can be instrumental in overcoming risk-related obstacles such as the risk of obtaining inaccurate information, or technical issues related to security and privacy. Users' privacy concerns regarding the unintended use of personal information can be lessened by establishing trust in related organizations. As omnichannel ensures consumers privacy and secure money in a shopping environment, they will continue to use it.

**H7:** Perceived security positively influences on younger generations' intention continuance of using omnichannel retailing.

In sum, academic literature on the omnichannel retailing has been appearing since 2015, the studies which related to continuance of using are scarce (Thaichon et al., 2024). As Choubey & Gautam (2024) opined, limited research in the context of omnichannel retailing in South Asian nations like Pakistan, Bangladesh, and Sri Lanka was available. These studies primarily focus on identifying psychological traits and determining the usage intention of omnichannel retailing. There is a high potential in using omnichannel approaches in Asian countries, whereas in Sri Lanka, research work on omnichannel could be studied for insights into the adoption intention (Peiris et al., 2021). Nevertheless,

while these approaches are not used in Asian countries at the moment widely, they are developing to using online and physical approaches to give unique experiences to customers. And there is a high amount of potential in using omnichannel approaches, which motivated to investigate the factors influencing continuous buying intention of consumer in an Asian context. Further to that, this omnichannel retailing emerge opportunities for retailers.

## Methods

To achieve the research objective, the study used deductive research approach under positivism research philosophy. Acknowledging the literature, measuring elements of independent and dependent variables were modified to fit the omnichannel environment (Table 1). A five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree), was used to evaluate all measurement items aside from demographic data. A structured questionnaire was initially prepared in English and was translated into Sinhala. 30 respondents filled the questionnaire for the pilot test in advance. Based on their comments, duplicate questions, difficult-to-answer questions and difficult-to-understand questions were revised and main survey was conducted. The questionnaire contained three sections; first section dealt with users' omnichannel continue usage, second section asked for indicators for the major factors and final section described the questions about the demographic information of respondents.

Data were collected through a cross-sectional online survey. The survey method allows researchers to reliably validate the conceptual models therefore it is extensively used in the quantitative research domain (Straub et al., 2004). Song and Jo (2023) opined that in recent research related to omnichannel mostly utilized online survey approach. The scope of this study includes younger adults (age between 18 – 27 years) consumers with experience using omnichannel. Accordingly, using social media platforms the study selected respondents who had used omnichannel and an online link was distributed. The survey was performed from 15<sup>th</sup> September to 15<sup>th</sup> October 2023. A total of 745 links were distributed, of which 437 responses were received, indicating response rate as 58.6%.

**Table 1: Measuring elements**

Variable	Measurement Items	Source
Performance Expectancy (PE)	Using omnichannel throughout the process of purchasing is useful to me. Using omnichannel structure in the process of purchasing supports me to do my shopping faster. Applying omnichannel structure in my purchasing makes my life easier.	Venkatesh et al., (2012)
Effort Expectancy (EE)	Retailers offering their products through omnichannel (mobile app, web sites, cash on delivery, etc.) easy to use. Learning about method of using omnichannel is easy to me. I find that it is easy for me to be a skillful one at using omnichannel in buying.	Venkatesh et al., (2012)
Social Influence (SI)	People who are important to me think I should use omnichannel for my process of purchasing. My friend's suggestions and recommendations will affect to my decisions which related to using omnichannel for my process of purchasing. I would refer to use omnichannel to my process of purchasing because my friends also use it.	Venkatesh et al., (2012)
Habit (H)	The use of omnichannel throughout the process of purchasing has become a habit for me. Using omnichannel to my process of purchasing is natural to me. Using omnichannel to my process of purchasing is something I do without thinking.	Juaneda-Ayensa et al., (2016)
Hedonic Motivation (HM)	The ability to use omnichannel with my purchasing is enjoyable. The ability to use omnichannel with my purchasing is pleasurable. The ability to use omnichannel with my purchasing is delightful.	Venkatesh et al., (2012)
Personal Innovativeness (PI)	I enjoy experimenting and trying with modern technologies. I'm the first one who try to use new technologies among my family and friends. I always research the opinion of people who use new products or brand and after I go to try it.	Juaneda-Ayensa et al., (2016)
Perceived Security (PS)	It appears use a credit card for my online purchases is safe to me. It appears give personal information to organizations, what I shop online is safe to me. It appears comfortable to use credit card for purchase.	Juaneda-Ayensa et al., (2016)
Continuance intention of omnichannel using (CIO)	I plan to continue using the omnichannel service in the future. I plan to increase the utilization of omnichannel services in the future. I will continue to use the omnichannel service in the future.	Ashfaq et al. (2020)

According to priori sample size calculator (DanielSoper.com), minimum sample size for structural equation modeling at the 0.1 anticipated effect size, 80% desired statistical power level, 8

number of latent variables, 24 number of observed variables and 0.05 probability level is 200. Thus, this study confirmed the minimum sample size for structural equation modeling. Among the respondents,



147 (34%) were male and 290 (33%) were female. Respondents at the age between 18 to 22 recorded 253 (58%), followed by those in age between 23 to 27 with 184. Majority of the respondents (76%) were

**Table 2: Measurement adequacy**

Variable	Items	Factor Loading	Cronbach's alpha	CR	AVE
<b>PE</b>	PE1	.891	.893	.92	.79
	PE2	.904			
	PE3	.884			
<b>EE</b>	EE1	.862	.851	.90	.76
	EE2	.854			
	EE3	.892			
<b>SI</b>	SI1	.912	.872	.94	.85
	SI2	.932			
	SI3	.921			
<b>H</b>	H1	.876	.863	.92	.79
	H2	.888			
	H3	.902			
<b>HM</b>	HM1	.900	.850	.94	.84
	HM2	.940			
	HM3	.900			
<b>PI</b>	PI1	.923	.874	.95	.85
	PI2	.934			
	PI3	.911			
<b>PS</b>	PS1	.903	.851	.94	.84
	PS2	.939			
	PS3	.924			
<b>CIO</b>	CIO1	.877	.886	.91	.79
	CIO2	.904			
	CIO3	.886			

**Table 3: Correlation matrix**

Variable	Mean	SD	PE	EE	SI	H	HM	PI	PS	CIO
<b>PE</b>	3.78	.71	<i>.89*</i>							
<b>EE</b>	3.53	.67	.23	<i>.87</i>						
<b>SI</b>	3.27	.69	.62	.57	<i>.92</i>					
<b>H</b>	3.95	.55	.52	.57	.73	<i>.88</i>				
<b>HM</b>	3.77	.69	.46	.74	.47	.74	<i>.92</i>			
<b>PI</b>	3.41	.74	.43	.43	.57	.72	.75	<i>.92</i>		
<b>PS</b>	3.53	.67	.23	.47	.82	.44	.72	.43	<i>.92</i>	
<b>CIO</b>	3.72	.72	.14	.65	.26	.64	.20	.65	.26	<i>.89</i>

\*Square root of the AVEs are given as in italic along the diagonals



**Table 4: Hypotheses test results**

Hypothesis	Effect size $f^2$	p-value	Result
<b>H1:</b> Performance expectancy positively influences on younger generations' continuance intention of using omnichannel retailing.	.728	.000	Supported
<b>H2:</b> Effort expectancy positively influences on younger generations' continuance intention of using omnichannel retailing.	.188	.000	Supported
<b>H3:</b> Social influence positively influences on younger generations' continuance intention of using omnichannel retailing.	.151	.000	Supported
<b>H4:</b> Habit positively influences on younger generations' continuance intention of using omnichannel retailing.	.401	.000	Supported
<b>H5:</b> Hedonic motivation positively influences on younger generations' continuance intention of using omnichannel retailing.	.616	.000	Supported
<b>H6:</b> Personal innovativeness positively influences on younger generations' continuance intention of using omnichannel retailing.	.110	.000	Supported
<b>H7:</b> Perceived security positively influences on younger generations' continuance intention of using omnichannel retailing	.188	.000	Supported

having a monthly income between Rs.50,000 to 100,000. Finally, 27% of respondents use omnichannel more than 3 times per week, 58% use 2 times per week and remains use only one time.

The study used the partial least squares (PLS) technique to analyse the data. The measurement items' validity and reliability were tested first, followed by an evaluation of the structural model.

### Results

Confirmation factor analysis was utilised to assess the measuring items' convergent validity, reliability, and discriminant validity. To evaluate scale reliability, composite reliability (CR) and Cronbach's alpha were used. As shown in Table 2, all the variables' Cronbach's alpha and CR values were higher than 0.7 (Hair et al., 2010), indicating good construct reliability. Convergent validity of the constructs was assessed by examining the factor loadings, which range from 0.862 to 0.940. Further, the average variance extracted (AVE) values of the variables were exceed the respective threshold values (above 0.50) ensuring the convergent validity. Finally, discriminant validity was ensured as the square root values of all AVEs exceed the correlation values of the respective constructs (Fornell and Larcker, 1981). Table 3 illustrates the correlation matrix and the results discriminant validity

assessment.

The study used a bootstrapping approach (bootstrapping subsample = 5000) to test the projected hypotheses and path coefficients via PLS. Table 4 shows the effect size of each path, p-value, and significance testing results. The research model accounts 68.5% of the variance in continuance intention of omnichannel using can be elaborated by performance expectancy, effort expectancy, social influence, habit, hedonic motivation, personal innovativeness and perceived security.

### Discussion

The study aims to examine the factors influencing continuance intention of omnichannel users in Sri Lanka, mainly focusing on the younger generation. This has been achieved by incorporating the technological factors, consumers' payment behavior, internal environment and social factor, the key components in UTAUT 2 model. The results revealed that performance expectancy positively influences on younger generations' continuance intention of using omnichannel retailing. This result further acknowledged the findings concluded in previous studies (Venkatesh et al., 2012; Kazancoglu & Aydin, 2018). The key feature of omnichannel is the linkage of

sellers and consumers through all channels. If omnichannel is easy to access, consumers will benefit even more with price comparison, time savings, and accessibility of information. The findings further revealed that performance expectancy is the significant leading predictor (0.728) of continuance intention of using omnichannel. This implies that if omnichannel offers a greater variety of products at lower prices, consumers receive benefit from the omnichannel, leading them to perceive its advantages more strongly. Factors like consumer satisfaction and economic rewards would be more potent and significant in explaining omnichannel behaviors related on economic activities. Consumers think that omnichannel is better than regular shopping in terms of price, convenience, and assortment, guarantee continuous use intentions. Continuance intention would increase based on price, convenience, and assortment rather than usefulness for life, speed, and efficiency in the omnichannel context (Ertz et al., 2022).

Hedonic motivation becomes the second highest influencing factor (0.616) on younger generations' continuance intention of using omnichannel retailing. Hedonic motivation defines as the entertainment or pleasure which occurs from using technology (Venkatesh et al., 2012). Young consumers, who pay more attention to the enjoyment of the products, usually seek the entertainment or pleasure in buying process. In this vein, as the level of the digital environment continues to develop, the enjoyment of omnichannel shopping platforms may be a basic attribute. When users receive more pleasure using the omnichannel, their intention to continue using it increase.

The empirical results pointed out that habit is the significant antecedent of continuance intention of using omnichannel retailing. Habit is the quantity of tend to execute behaviors in individuals (Limayem et al., 2007). There was similar result in the former research, in which habit enhances the purchase intention of consumers in a omnichannel retail context (Rizvi & Siddiqui, 2019). These results could be explained by the reason that the more favorable perceptions consumers have of omnichannel, the more likely they are to use it. When consumers think that omnichannel is a better, smarter, and convenience mode, they are likely to use it more. The results of the study indicated that social influence

impacts continuance intention. This result is in covenant with outcomes concluded in former studies (Huang & Qin, 2011; Song and Jo, 2023). When consumers understand that people who are valuable to them give a good appraisal of omnichannel using, consumers are more likely to continue using it. The more favorable messages consumers have of use of omnichannel, the more likely they are to use it continually.

The results of the current study further verified that effort expectancy elevates the level of continuance using intention. One possible explanation is that the easier it is for consumers to access omnichannel, the easier and more useful they perceive it (Song and Jo, 2023). Though omnichannel is a combination of various channels and information, denoting as a complex system, if consumers easily access the omnichannel at any time with more conveniently and get more help with shopping, their intention to continue using it increases. The analysis found that personal innovativeness is significantly related to continuance intention to use. Consumer innovativeness has been found to positively affect technology adoption and purchase intention (San Martín & Herrero, 2012; Liébana-Cabanillas et al., 2021). These observations could be explained by the reason that when omnichannel offers new shopping experiences, the users, willing to discover new experiences, are encouraged to use it further. Thus, consumers who favor to attempt new and various products or channels and to discover new experiences, identify that omnichannel offers as better, smarter, and more positive, their intention to use may increase.

Finally, empirical results pointed out that perceived security is significantly related to continuance intention of using omnichannel retailing. Payment mechanisms in omnichannel may cause consumers to feel anxious in the transaction process (Jo, 2021). Omnichannel provides various channel information by receiving information from users. Thus, users with a high level of perceived risk appear to consider more on privacy and secure money. When consumers are more guaranteed about the safety of transactions through omnichannel, their intention to continue using it increases.

### **Implications and Conclusion**

Scholars attentions on omnichannel have been primarily focused the retailers' perspective. The present study aims to provide the consumer's viewpoint on the omnichannel shopping behavior. The

contribution of the study is to provide a framework for understanding the antecedents on consumer viewpoint in continuance usage intention behavior of the omnichannel. The study contributes to the existing knowledge in that it performed a multidimensional analysis to describe continuance usage intention behavior of omnichannel customers. The study's results confirmed that UTAUT 2 model is valid in the omnichannel retailing context in developing country. The findings also signified that UTAUT 2 refinement is crucial to capture the distinct aspects of omnichannel usage. The study explains performance expectancy and effort expectancy as technological factors. Perceived security is involved in consumers' payment behavior. Consumers' habit, personal innovativeness and hedonic motivation may systematically explain internal environment. And social influence involves as an external environmental factor.

Next, this study contributes to the field of information technology (IT) by empirically investigating the influence of technology acceptance factors on continuance usage intention behavior. The results show that performance expectancy and effort expectancy still guarantee continuance usage intention. In the present digital environment, a large number of devices have achieved a sufficient level of ease and usefulness. In this vein, consumer satisfaction and economic benefits can be stronger and more effective in elucidating the usage of omnichannel platforms. Looking at performance expectancy and effort expectancy, the performance expectancy is more specific to continue shopping. For this reason, the performance expectancy seems to have dominated the role of continuance usage intention behavior of omnichannel customers. The results of this study show that continuance intention is significantly affected by consumers' habit, and hedonic motivation. Modern omnichannel consumers have a high level of digital device capabilities. Most of the ITs for end users currently on the market are intuitive and easy to use. Modern consumers seek to discover new experiences in shopping platforms, specialized in consumption activities. In this sense, when users receive more pleasure using the omnichannel platforms the quantity of tend to execute buying behaviors in omnichannel will increase. Moreover, the significance influence of social actors such as family members and friends, the future studies could

consider enhancing the continuous intention by utilizing the positive word-of-mouth effect of omnichannel. Finally, this study makes a valuable contribution by clarifying the role of personal innovativeness in the formation of continuance usage intention in online shopping platforms. This may be because omnichannel has the main characteristic of providing multiple channels and offers new shopping experiences. A consumer who favors to attempt new and various products or channels and to discover new experiences, finds that omnichannel is very manageable and useful.

In sum, the study identified the main factors leading to the intention to continue using the omnichannel. In this vein, this study makes a valuable contribution to the sustainable omnichannel retailing. Based on the results, scholars can seek various ways to sustain omnichannel. This study provides some practical implications as well. To enhance the perceived value of the omnichannel experience should invest in advanced technologies, features, and personalized services that align with the preferences and expectations of the younger generation. In order to minimize the effort required for navigating and completing transactions the study recommended to streamline the user interface, optimize website/app speed, and provide clear and concise pathways for making purchases. To leverage social connections to drive purchasing decisions, implementation of social media strategies, influencer marketing, and user-generated content to create a sense of community and encourage social validation are suggested areas for the retailers. To cultivate repeat behaviors and habitual use of the omnichannel, development of loyalty programs, personalized recommendations, and periodic promotions to encourage habitual engagement with the platform are suggested. For instance, the findings highlight the importance of hedonic motivation, which is often unnoticed in online shopping settings, but has a more significant effect than both the effort needed to use and perceived security concern. Therefore, promoting features that can provide enjoyment in omnichannel shopping (e.g. through gamification mechanics and good UX design) is crucial in attracting the younger population. In addition, the study suggested integration of elements of storytelling, and interactive features that evoke positive emotions and make the shopping experience enjoyable.

Introducing cutting-edge technologies such as Augmented reality (AR), Virtual Reality (VR) applications, and regularly update the platform with novel features would be facilitated to capture the interest of tech-savvy users. Communication and distribution of robust security measures, use encryption, comply with data protection regulations, and regularly update users on privacy and security policies in technologies would be ensured perceived security. Integrated inventory systems, consistent branding and synchronized promotions, deliverance of tutorials, FAQs, and proactive communication about how to use the omnichannel system effectively, addressing any concerns about complexity, and implementation of responsive customer support channels, including chatbots, helplines, and email support, would be able to build confidence in the platform's reliability.

The findings of the study will enable retailers to understand consumer expectations towards omnichannel retailing and to focus on integrating these factors through whole buying process in order to increase omnichannel sales. By considering and acting upon these implications, retailers can strategically enhance the buying behavior of the younger generation in omnichannel retailing, creating a more compelling and user-friendly shopping experience.

Despite its contributions to the literature, this study has several limitations. Aligning to the limitations, the corresponding research direction is also presented. The study only focused on omnichannel retailing and did not consider the characteristics of goods traded via omnichannel. User behaviors of the omnichannel could be varied according to the types of goods consumes. Therefore, in future research, it is required to examine omnichannel users by considering the types of goods. The study applied UTAUT2 model and situational variables. Conducting further studies on similar theoretical foundations can help arrive at more reliable and generalizable results through triangulation. In addition, it would be suggested to apply other theories, such as the theory of planned behavior or expectation confirmation model to observe the factors leading to the intention to continue using the omnichannel in more depth. This is suggested because some consumers may have used omnichannel and then quit. Thus, future research on behavioural factors needs to perform and observe the

behaviors longitudinally. For instance, the findings highlight the importance of hedonic motivation, indicating the strong impact of enjoyment on behavioral intentions. Further studies can also investigate the relationship between enjoyment/entertainment and behavioral intentions in more detail to understand its more effective use in the multichannel shopping context. Finally, incorporating several instances of actual omnichannel retailing use data in longitudinal studies can provide further insights into omnichannel retailing adoption and changes in behaviour over time.

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### Article

## Interplay between Institutional Isomorphism and Institutional logics in shaping LGBTQIA+ Policies in Sri Lanka

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### ABSTRACT

This interpretive study explores how institutional isomorphism and institutional logics legitimize the company's approach to fostering LGBTQIA+ inclusion. Under the explorative single case study approach, data was collected through in-depth interviews with sixteen key informants. The case organization of this study is Country Holdings (CH), a local group of companies with a history of promoting diversity and inclusion in the workplace. With over 150 years of operation and more than 20,000 employees across various industries, CH has consistently embraced an inclusive culture. The company has formalized anti-harassment and non-discrimination policies, emphasizing equal opportunity, a code of conduct, and zero tolerance for harassment or discrimination. The findings uncovered different actions the organization took in adopting the LGBTQIA+ inclusive policy and practice despite the strong anti-LGBTQIA+ sentiments in the society and legal framework. Consequently, it was revealed how normative and mimetic pressures in the global market sphere create homogeneity. Moreover, this study uncovers how corporate, business, and labor market logics in the institutional fields create heterogeneity in the local market in terms of adopting the LGBTQIA+ inclusive policy and practice. These findings illustrate how several related perspectives of neo-institutionalism aggregately contribute to gaining legitimacy to adopt LGBTQIA+ inclusive policy and practice within the organization irrespective of heteronormative social and legal constraints. Overall, CH's approach to LGBTQIA+ inclusion offers a comprehensive model for other local organizations seeking to embrace diversity and inclusion. The intersection of supportive institutional logics and isomorphic pressures to adopt LGBTQIA+ friendly policy and practice facilitates a workplace that is competitive, innovative, socially responsible, and inclusive.

## Introduction

Globally, businesses are under increasing pressure to embrace diversity and inclusion in the workplace by implementing relevant policies and practices. To meet international business and human rights standards, many organizations have integrated diversity management (DM) into their human resources departments to enhance equity and equality at work. The growing emphasis on the “triple bottom line”—which balances social, environmental, and financial factors—underscores the importance of diversity and inclusion within organizations. The United Nations’ Sustainable Development Goals, such as ‘gender equality’ and ‘decent work and economic growth,’ further drive the adoption of these practices. While gender-related initiatives have gained considerable traction, with organizations implementing measures to ensure equity for women, issues related to sexual orientation and gender identity are often neglected (Aydin & Ozeren, 2019; Ozturk & Tatli, 2016). LGBTQIA+ inclusion is part of diversity and inclusion programs, yet many countries, especially in the global south, continue to struggle with it. There is a clear divide: in the West, LGBTQIA+ rights are generally advancing, while in many southern regions, anti-LGBTQIA+ sentiments persist (Luiz & Spicer, 2021). Although homosexuality is becoming more accepted in North America, the European Union, and parts of Latin America, it remains widely rejected in the Middle East, Africa, and some Asian countries (Luiz & Spicer, 2021). This rejection is particularly challenging in places where being homosexual is virtually outlawed, like Algeria, Jamaica, and the United Arab Emirates, or where it can be punishable by death, as in Uganda and Saudi Arabia (Fullerton, 2013). The varying socio-political and legal contexts across countries influence how diversity and inclusion practices are accepted and implemented, especially regarding LGBTQIA+ individuals (Wijewardene & Jayewardene, 2020). As a result, businesses must tailor their diversity and inclusion efforts to align with the unique cultural and legal circumstances of each region.

As a South Asian country that combines Buddhist, Hindu, and Islamic cultural influences, Sri Lanka also has a unique history of British colonialism, having been under European rule for over three centuries (from 1505 to 1948). This diverse

background has resulted in a distinct socio-cultural and legal context in the country, where traditional beliefs and European values coexist and intersect. The Sri Lankan legal system comprises a blend of Roman-Dutch Law, indigenous Customary Law, and English Common Law. This unique mix influences various legal principles and regulations, including those concerning sexuality and gender identity. Under the Penal Code Sections 365 and 365A, homosexuality is deemed illegal in Sri Lanka, influenced by English Common Law’s anti-sodomy provisions. These sections consider “carnal intercourse against the order of nature,” encompassing any sexual acts deemed unnatural, and “any act of gross indecency with another person,” respectively. They are broadly interpreted to cover all non-heterosexual acts and gender-variant identities (Ellawala, 2019, p.88). Additionally, other legal provisions, such as the Vagrancy Law and Section 399 of the Penal Code—which pertains to “cheating by personation” or impersonation—are often employed against the LGBTQIA+ community, with a specific focus on transgender individuals (Chowdhury, 2021). This combination of laws creates a challenging environment for LGBTQIA+ individuals in Sri Lanka, leading to discrimination and limited legal protections. The dominance of conservative masculinities, along with a lack of activism and civil rights movements, has contributed to increased criticism and hostility toward homosexuality in Sri Lanka, often manifesting in various forms of harassment (Adikaram & Liyanage, 2021). Despite this, Article 12(2) of the Sri Lankan Constitution protects individuals from discrimination based on sex and “other such reasons” (CPIN, 2018; Equal Grounds, 2021). Some progressive business organizations in Sri Lanka are aware of these protections and, with a nod to global human rights and sustainability issues, are attempting to implement inclusive policies for LGBTQIA+ individuals in their workplaces. This effort is particularly noteworthy given the broader societal context where hegemonic heterosexual masculine values are deeply rooted, and homosexual activity is illegal. Consequently, it is worthwhile to explore how these local businesses establish legitimacy for LGBTQIA+ inclusive policies and practices in such a challenging environment. This study aims to explore the interplay between institutional isomorphism and institutional logics in shaping the legitimacy of LGBTQIA+ policies and practices within Sri Lankan businesses. Despite

growing global recognition of LGBTQIA+ rights, there is a paucity of research focusing on how institutional frameworks in Sri Lanka influence business practices in this domain. By investigating this relationship, the study seeks to fill a critical gap in understanding the mechanisms that facilitate or hinder the adoption of inclusive policies in a complex socio-cultural landscape. Accordingly, this study employs institutional theory to examine how a selected organization legitimizes LGBTQIA+ policies despite operating in a society dominated by conservative heterosexual norms and anti-homosexuality laws. While institutional theory is commonly used in human resource management (HRM) and diversity management (DM) research (Boxenbaum, 2006; Evans, 2014; Luiz & Spicer, 2019; Rainary, 2018; Yang, 2005), applying the institutional theory to explore the legitimization of LGBTQIA+ policies in Sri Lankan organizational contexts is a new contribution to existing knowledge. Within the vast institutional theory, this study adopts institutional isomorphism (DiMaggio & Powell, 1983) and institutional logics (Friedland & Alford, 1991) to comprehend how these broader institutional perspectives influence organizations to accept LGBTQIA+ inclusion. Thus, uncovering the co-existence of institutional isomorphism and institutional logics in legitimizing LGBTQIA+ policy and practice is another contribution of this study.

### Literature review

Weber (1978) highlighted the significance of social practices being governed by 'Maxims' or rules, suggesting that legitimacy arises from adherence to both general social norms and formal laws. According to Scott (1995, p. 574), legitimacy is a generalized perception or assumption that an entity's action is desirable, proper, or appropriate within a system of socially constructed norms, values, beliefs, and definitions. Meyer and Scott (1983) identified two primary sources of legitimacy: the first being official recognition from the State, and the second involving those who hold collective authority over what is considered acceptable, like lawyers, accountants, and intellectuals. Beyond these sources, legitimacy can also stem from the general public—large groups of people who endorse specific practices or opinions (Tolbart & Zucker, 1983). Additionally, the media plays a crucial role in shaping public perception and thereby impacting an organization's

legitimacy (Deephouse, 1996). Consequently, organizational practices often mirror what is perceived as legitimate behavior based on cultural values, industry traditions, a company's history, and popular management folklore (Eisenhardt, 1988). Understanding the complex sources of legitimacy and their impact on organizational behavior helps to clarify why certain practices gain widespread acceptance while others do not. Legitimacy assessments involve a social process where stakeholders evaluate whether an organization deserves support based on moral and rational grounds, rather than mere compliance or alignment of interests (Buchanan, 2018). To achieve legitimacy, organizations must secure the approval and acceptance of both internal and external stakeholders. This approval can be given voluntarily or coerced (Kostova et al., 2008). Given this context, businesses are under constant pressure to legitimize their practices, especially concerning diversity and inclusion. However, the complex interplay of social, political, and cultural drivers makes the process of achieving legitimacy challenging. Understanding the diverse sources of legitimacy helps businesses navigate these complexities and align their practices with broader societal expectations.

The external environment significantly influences a company's decision to adopt LGBTQIA+ friendly human resource practices (Everly & Schwarz, 2014). As companies continually adapt to market competition and changes in their surroundings, it is important to consider how external factors shape company policies (Kraatz, 1998). While external influences matter, internal characteristics unique to each organization also play a crucial role in business strategy (Everly & Schwarz, 2014). For example, a corporate culture that values equality can drive the adoption of LGBTQIA+ diversity and inclusion policies. However, achieving true inclusion requires more than just policies; it requires fostering a workplace culture that promotes supportive relationships among coworkers (Webster et al., 2017). Ellawala (2019) suggests that non-normative gender and sexual politics groups face legitimacy challenges from various sources, including states, local heterosexual politics, and international donors. These complications, along with cultural, societal, political, and legislative factors, create inconsistencies in LGBTQIA+ inclusion within organizations (Aydin & Ozeren, 2020). NGOs often respond to these challenges by adopting distinct queer identities that may inadvertently reinforce stereotypes, leading to

“collateral damage” for local queer communities (Ellawala, 2019). This underscores the impact of socio-political and legal systems on legitimizing LGBTQIA+ inclusion in the workplace.

Organizational stakeholders—both internal and external—play a critical role in legitimizing LGBTQIA+ diversity and inclusion policies. Research indicates that a supportive workplace climate for LGBTQIA+ inclusion relies on non-work-related interactions, relationships with immediate supervisors, and the influence of peers (Human Rights Campaign Foundation, 2008). Managers are crucial in addressing hostile or discriminatory environments, ensuring that policies are applied equitably, and considering LGBTQIA+ status even in the absence of explicit equality legislation (Ozeren, 2014). Unions also contribute to promoting LGBTQIA+ workplace diversity, often acting as institutional entrepreneurs. White-collar unions are generally more attuned to sexual diversity issues, while some labor unions excel at addressing LGBTQIA+ concerns in the workplace (Pulcher et al., 2019; Wright et al., 2006). Unions offer legitimacy from the perspective of LGBTQIA+ employees and possess specific expertise in dealing with LGBTQIA+ related challenges. Employers can foster an LGBTQIA+ friendly workplace culture by providing LGBTQIA+ inclusive diversity training and modeling inclusivity at the management level (Riley, 2008). However, policies alone may not eliminate stigma, and additional measures are needed to create a truly inclusive environment (Riley, 2008). Thus, achieving a positive organizational climate requires collaboration among multiple stakeholders, including employers, employees, unions, government, media, researchers, and activists.

However, the situation in Sri Lanka presents unique challenges due to deeply entrenched hegemonic masculinity, heteronormativity, and cisgender values (e.g., Adikaram & Liyanage, 2021; Kuru-utumpala, 2013). Furthermore, homosexuality is illegal under Sri Lankan law (e.g., CPIN, 2018; Equal Grounds, 2021; Kolbe & Solheim, 2021). This combination of cultural and legal barriers complicates the efforts to legitimize LGBTQIA+ inclusion in the workplace. Thus, what drivers lead businesses to legitimize LGBTQIA+ inclusion in a context where homosexuality is illegal and conservative social norms predominate remains largely unexplored.

### Institutional isomorphism

A key question in organizational research is why some organizations are more alike than others (Boxenbaum & Jonsson, 2008). Meyer and Rowan (1977) suggested that organizations adopt certain “rationalized myths” or widely accepted beliefs, which help shape their structures. In highly institutionalized contexts, organizations need to align their actions with these myths. DiMaggio and Powell (1983) expanded on this idea, proposing that organizations are pressured to conform, leading them to adopt similar structures. They identified three mechanisms through which this conformity, or isomorphic change, occurs: coercive, normative, and mimetic.

Coercive isomorphism is evidenced by labor laws, anti-discrimination protections, union participation, and other legal frameworks that organizations cannot easily avoid (Burgess & Jones, 2010; Ronconi, 2012). Examples include legislation like the Equal Employment Opportunity Act in the United States or Canada’s Employment Equity Act, which create formal pressures for compliance (Yang, 2005). In gender diversity, government-mandated quotas and other regulations are other forms of coercive pressure (Khamis et al., 2019). Normative isomorphism is associated with professionalization, where the collective efforts of professionals shape the practices within organizations (DiMaggio & Powell, 1983). Normative pressures arise from social expectations and professional associations, influencing decision-makers to follow accepted norms and practices (David et al., 2019). Employees bring professional norms from previous workplaces or educational backgrounds, impacting the culture and practices within an organization (Raineri, 2018). Community associations, such as women’s and minority organizations, can also apply normative pressure (Yang, 2005). Mimetic isomorphism results from uncertainty and ambiguity within organizations. To reduce uncertainty, organizations tend to imitate successful examples in their field. This mimetic behavior occurs when goals are unclear, or the environment is uncertain (DiMaggio and Powell, 1983). Companies might mimic their competitors’ diversity practices or other successful strategies to ensure success (David et al., 2019). For instance, mimetic isomorphism might include appointing female directors because other successful companies have done so (Khamis et al., 2019). This framework of isomorphism has been applied to



research on HR and diversity management practices, demonstrating how organizations might adopt similar practices in response to these varied pressures.

### Institutional logics

The institutional context can limit the autonomy and reasoning abilities of decision-makers in companies, creating cognitive restraints and limiting their connection with the broader world (Jennings & Greenwood, 2003). Yet not all organizations strictly comply with institutional demands, neo-institutionalism explores why some organizations deviate from societal norms, provides a framework to understand such deviations and the mechanisms through which they occur (Lawrence, 1999). Institutional logics is a theory that examines how social culture influences the perceptions and behaviors of both individual and organizational actors (DiMaggio, 1998). Unlike neo-institutionalism, which focuses on structural isomorphism, institutional logics emphasizes individual autonomy, freedom, and cognition, allowing for diversity, innovation, and changes in the face of homogeneous structures and practices within institutional fields.

Jackall (1988) describes institutional logics as a complex, experience-based set of rules, rewards, and sanctions. Thornton and Ocasio (1999) define it as the socially constructed patterns of material practices, assumptions, values, beliefs, and rules through which individuals organize their lives, understand their social reality, and sustain their material existence. Despite varying emphases, these definitions share a core meta-theory that posits a social and institutional context where behavior is regularized while allowing for agency and change (Thornton & Ocasio, 2008). According to Reay & Hinings (2009), institutional logics provide meaning to daily actions and governs how organizations operate. This perspective can help explain why some organizations deviate from normative behavior. Thus, the institutional logics viewpoint is a metatheoretical framework that analyzes the interrelationships among institutions, individuals, and organizations in social systems, considering their positions across various social institutions like family, religion, state, market, professions, and corporations (Thornton et al., 2013). This approach can also explore how institutional pressures and embeddedness within these contexts affect

organizational structures and behaviors (Zietsma et al., 2017). Ultimately, institutional logics address how institutions influence and shape cognition and action within organizations and how these organizations, in turn, can shape and influence the broader institutional context.

### Methodology

#### Research Context

Country Holdings (CH) is a local conglomerate with a history of promoting diversity and inclusion in the workplace. This historically inclusive company has formalized anti-harassment and non-discrimination policies, with a strong emphasis on equal opportunity, a code of conduct, and zero tolerance for harassment or discrimination. Nevertheless, their non-discrimination and anti-harassment policies did not explicitly mention LGBTQIA+ employees. Their diversity framework primarily focused on gender, age, ethnicity, political affiliation, and different abilities. However, in 2015, after the Executive Director of a community organization advocating for LGBTQIA+ rights approached CH's leadership, the company took a significant step toward greater inclusion. Recognizing the need to expand its policies to encompass sexual orientation and gender identity, CH collaborated with two prominent LGBTQIA+ community organizations to update its policies. By incorporating LGBTQIA+ terminology, CH demonstrated its respect for all individuals, regardless of their sexual orientation or gender identity. Following the policy changes, CH continued to build a truly inclusive culture, with a strong focus on creating a collective identity for its LGBTQIA+ employees. Despite these advances, CH faced several obstacles in its journey toward LGBTQIA+ inclusivity. Legal and cultural barriers, rooted in traditional values and existing laws, posed significant challenges. Nevertheless, CH's leadership remained committed to fostering a workplace environment where everyone felt valued and respected, irrespective of their sexual orientation or gender identity.

#### Methods

This interpretive study has adopted the exploratory case study strategy (Yin, 1993) to achieve a comprehensive understanding of the phenomenon through detailed investigation, addressing its inherent complexity. Given the chosen case study design, it is crucial to gather a diverse range of insights from both organizational and non-organizational participants. As

indicated in Table 1, a total of sixteen participants took part in this study. When selecting the participants, I aimed for a representative mix from various levels and functions within the organization. Additionally, I interviewed a director of a community organization who played a significant role in CH's introduction of its Diversity and Inclusive policy. Semi-structured interviews were used to collect primary data for this research. I conducted fifteen interviews in English and one in Sinhala. To begin each interview, I introduced myself, explained the research's purpose, and why I selected that participant. I used simple questions to help the participants feel at ease. I found my research participants to be friendly, patient, and supportive. They preferred I use their first names rather than formal titles, which helped build rapport. This encouraged them to share their ideas, experiences, and narratives from different perspectives. Each interview lasted more than thirty minutes. Reflecting on the interview process, I experienced the inherent messiness and unpredictability of qualitative research. Although I had an interview guide, I

adjusted it as needed to accommodate the flow of the conversation. I could not interview some intended participants (LGBTQIA+ employees) due to company ethics, but I unexpectedly spoke to an LGBTQIA+ community leader. However, interviewing the participants from strategic, functional, and operational levels of CH was adequate to generate data to answer my research question. I often had to reschedule interviews due to participants' other obligations or issues like power cuts and connection failures. This caused my fieldwork to extend beyond the planned two weeks, taking over a month to complete.

With the participants' consent, I recorded the interviews and then transcribed them. I sent the transcriptions to participants for approval and to clarify any unclear words or phrases. After finalizing all transcriptions, I thoroughly reviewed the data to familiarize myself with it. I then proceeded with initial coding, assigning codes

Table 1: Participants' information

Positional Level	Name (pseudonyms)	Working experience at CH	Position
Strategic level	Kalani	13 Years	Assistant VP
	Meena	9 Years	Assistant VP
	Dilshan	21 Years	Head- Group HR
	Ruvini	8 Years	D&I in charge
Functional level	Vishwa	4 Years	HR Head- SBU 1
	Heshan	32 Years	HR Head- SBU 2
	Sudesh	9 Years	HR Head- SBU 3
	Diana	12 Years	HR Head- SBU 4
	Velma	14 Years	HR Manager- SBU 1
	Pubudu	1 Year	HR Manager- SBU 4
	Mahesh	3 Months	HR Manager- SBU 3
Operational level	Rashitha	18 Years	Employee- Finance
	Veronica	3 Years	Employee- HR
	Amali	11 Years	Employee- Accounting
	Pasindu	4 Years	Employee- HR
Director- organization	Community	Daniel	An external party

Source: Interview data

to sentences or groups of sentences that shared a common meaning. I refined these initial codes in an MS Excel sheet, highlighting similar codes with the same color to identify patterns. This allowed me to perform second-level coding, where I combined similar codes to identify broader themes

### **Data analysis and results**

The thematic analysis method is used in analyzing qualitative data gathered through semi-structured interviews. In exploring how institutional isomorphism and institutional logics legitimize the company's approach to fostering LGBTQIA+ inclusion, the analysis occupied six major themes: positive corporate culture, progressive leadership, inclusivity concerns by Gen Z, a business strategy, opinions by experts and professionals, and successful global businesses.

#### **Positive corporate culture**

CH is known for its unique and progressive culture that welcomes new trends and embraces change. A key aspect of this is CH's long-standing commitment to a non-discriminatory work environment. An analysis of CH's culture underscores how corporate values and logic contribute to the acceptance of the LGBTQIA+ community and foster an inclusive atmosphere. By reinforcing a non-discriminatory ethos, CH creates a workplace where diversity is celebrated, and LGBTQIA+ inclusivity is recognized and legitimized.

CH group has always been guided by its own vision and values, without succumbing to external pressures or trends. As a true leader in its industry, CH is committed to progressive and visionary approaches, consistently striving to create inclusive, respectful workplaces where everyone feels valued. The drive for inclusion at CH isn't about following others; it's about doing what's right. (Ruvini)

I believe our motivation stems from genuine values, not from a desire to appear trendy or progressive. We believe everyone deserves decent work, regardless of sexual orientation or identity. (Dilshan)

The participants highlighted that the company's commitment to LGBTQIA+ inclusivity is driven by genuine values, reflecting its progressive outlook and the belief that everyone deserves equal opportunities at work.

Our culture promotes respect for everyone, regardless of gender, race, or religion, ensuring we don't harass or discriminate against others. These guiding principles likely play a significant role in shaping our inclusive environment. (Meena)

Companies that prioritize diversity and equality are more likely to include the LGBTQIA+ community among their target audiences, even without legal obligations (Steiger & Henry, 2020). This kind of inclusive culture creates a more supportive environment for adopting LGBTQIA+ friendly policies and practices.

CH's value system revolves around five core values: trust, excellence, innovation, integrity, and caring. These values shape our entire corporate culture, guiding our internal practices. Caring and integrity are particularly relevant to our focus on LGBTQIA+ inclusivity. Because our culture is rooted in these corporate values, we can easily uphold them within the organization and across all operations. (Pubudu)

CH's positive corporate culture, grounded in its distinctive value system (corporate philosophy), provides a rationale for adopting LGBTQIA+ inclusive policies and practices, even when other companies in Sri Lanka do not. This approach sets CH apart within the Sri Lankan corporate sector, making it unique due to the guiding principles of its corporate culture.

#### **Progressive leadership**

Leaders who demonstrate genuine commitment to LGBTQIA+ inclusivity and actively support it send a strong message to their teams. This leadership involvement encourages others to follow suit and supports the adoption of LGBTQIA+ inclusive policies and practices.

I believe the top management is just as progressive. They're often educated abroad, youthful, open to new ideas, and highly supportive. They're deeply committed to inclusivity, with everyone, from the Chairman on down, working toward that goal. (Rashitha)

The Chairman and other senior leaders spearhead this initiative, motivating others to get on board. They not only launched the program but are also consistently driving it forward. As a result, others are following their lead. (Heshan)

I believe the leaders set a strong example, which is why every team follows their lead. (Diana)

Leaders who serve as role models or set examples for their followers can strongly influence their support for specific actions. When followers witness their leaders demonstrating best practices, they tend to adopt similar behaviors. This way, leaders' role modeling helps establish legitimacy for a particular course of action.

Last year, for Pride Day, the Chairman spoke about LGBTQIA+ inclusivity in a newspaper article. (Meena)

Leaders' actions not only help legitimize LGBTQIA+ inclusivity within the organization but also establish external legitimacy by conveying the company's stance on the LGBTQIA+ community through the media. By publicly expressing the company's non-discriminatory position, the Chairman reinforces the inclusive mindset among the organization's members and sends a message to society that LGBTQIA+ inclusivity is recognized and valued. This visibility in the media contributes to broader social acceptance and emphasizes that LGBTQIA+ inclusivity should not be hidden or ignored.

#### Inclusivity concerns by Gen Z

The generational gap creates distinct discourses within the workplace, posing challenges for modern management. Differences in attitudes, technological literacy, and thinking patterns among Baby Boomers, Generation X, Millennials, and Generation Z can complicate workplace dynamics. With Millennials and Gen Z increasingly entering the labor market, businesses must adapt to meet these evolving expectations. Today's younger generations are more open and expressive about their gender identity and sexual orientation, with Gen Z rejecting conventional norms, such as traditional gender roles or labels. By embracing these shifts and creating inclusive workplaces, companies can attract and retain top talent while staying relevant in a rapidly changing business environment.

The modern companies reflect a workforce that is younger, more aware, better educated, more vocal, and more accepting of diversity. The younger generations—Millennials and Gen Z—bring fresh perspectives and are more likely to support inclusive practices. If organizations aim to attract and retain talent from these generations, it's crucial to align with the values and expectations of a more diverse

workforce. (Dilshan)

Given that Generation Z is more aware and accepting of the LGBTQIA+ community, CH believes that formalizing LGBTQIA+ inclusivity is the right thing to do. This commitment not only aligns with the progressive values of Gen Z but also demonstrates CH's dedication to creating a welcoming and inclusive workplace. By formalizing these policies, CH is fostering a culture that resonates with a generation that values diversity and equality.

Given this generational shift, younger employees are generally more open to and aware of what it means to work in an inclusive environment. As a result, it's easier for them to embrace policies promoting diversity and inclusion. This cultural change driven by the younger generation aligns with the growing trend of Gen Z and Millennials entering the corporate sector. Statistics show that 33% of the younger workforce won't join a company that isn't inclusive, indicating that companies must adapt to attract top talent. (Ruvini)

Young people prefer to work for companies that embrace inclusivity and demonstrate a commitment to supporting LGBTQIA+ individuals. This shift in societal attitudes impacts the workplace, with businesses that prioritize diversity and inclusion becoming more attractive to the younger generation. Companies that recognize and adapt to these changing preferences are more likely to attract and retain top talent from this generation.

In our sector (retail), the average age of employees is about 24, indicating a very young workforce. Given this youthful demographic, LGBTQIA+ inclusivity isn't a complex or unfamiliar concept for them. It's something they encounter daily—whether through societal trends, everyday conversations, or personal experiences. Many might even have friends who are part of the LGBTQIA+ community, contributing to their understanding and acceptance. (Vishwa)

Consequently, the labor market, with its increasing number of young workers, creates a strong market logic for adopting LGBTQIA+ policy and practice at CH. This shift reflects the expectations of the younger workforce, which prioritizes inclusive work environments. Companies that embrace diversity and offer LGBTQIA+ friendly policies are more likely to attract and retain young talent, thereby aligning with



the values and preferences of this new generation. By adopting these practices, CH meets the evolving demands of the labor market and fosters a workplace that is both inclusive and appealing to a broader talent pool.

#### A business strategy

CH, as a business entity, recognizes that LGBTQIA+ inclusivity creates mutual benefits for both the company and LGBTQIA+ individuals. By fostering an inclusive environment, CH can attract and retain diverse talent, enhance innovation, and strengthen its reputation, while LGBTQIA+ individuals gain a workplace that values and supports them. This approach underscores the reciprocal advantages of embracing diversity and inclusion within the organization.

By embracing LGBTQIA+ inclusive policies and practices, CH not only fosters acceptance within the company but also sets a benchmark for other organizations. This approach contributes to a positive image, signaling to stakeholders, clients, and the community that CH is committed to equality and inclusion. This strong public stance can lead to greater brand loyalty and serve as an example for other businesses to follow. (Meena)

LGBTQIA+ inclusive policies and practices can significantly enhance a company's public image. By embracing diversity management and socially progressive corporate strategies, a company can increase its perceived value (Fatmy et al., 2021). The reputation as an inclusive organization not only fosters greater acceptance within the community but also sets a benchmark for other companies to follow. This approach contributes to a positive corporate reputation and encourages broader inclusion across the business landscape.

Diversity is about embracing a range of ideas and perspectives. Ideas are the essence of business, as they drive innovation and reshape how we think and work. By valuing diverse ideas, businesses can transform their approach and unlock new opportunities, ultimately leading to the creation of new ventures and markets. (Mahesh)

By including people from various backgrounds and experiences, you gain a broader range of input, decisions, and opinions. This diversity enriches discussions, allowing for a more

comprehensive exchange of ideas. (Dilshan)

Progressive employers recognize the significance of attracting individuals from all walks of life and fostering a workplace culture that embraces diversity and equality, reflecting the society in which they operate (Stonewall, 2010). This approach not only ensures a more representative workforce but also contributes to a more inclusive and equitable environment, which can drive innovation and success.

Regardless of whether someone identifies as LGBTQIA+, companies can benefit from their qualifications and skills. Whether it's expertise in marketing or innovation, the focus should be on the person's abilities and suitability for the role, not their sexual orientation or gender. This approach allows companies to tap into a broader talent pool, leveraging individuals' unique capacities for their benefit. (Amali)

CH's recognition of the business value of LGBTQIA+ inclusion motivates the company to advance LGBTQIA+ inclusive policies and practices. By embracing inclusivity, CH creates a safer and more welcoming environment for its employees, which in turn strengthens its reputation as a progressive and forward-thinking business. This commitment to diversity allows CH to access a wider talent pool, facilitating a richer exchange of ideas and leading to increased innovation and improved decision-making. Furthermore, this inclusive stance attracts top talent and serves as a positive model for other companies, reinforcing CH's position as a leader in diversity and equality. Ultimately, the business benefits of LGBTQIA+ inclusion are clear: a more engaged workforce, a stronger brand identity, and a more competitive market position. This approach not only demonstrates a commitment to social responsibility but also offers tangible business advantages in today's dynamic corporate environment.

#### Opinions by experts and professionals

Within CH, some influential and knowledgeable personalities advocate for the adoption of these best practices, emphasizing their importance in fostering a progressive and inclusive corporate environment.

Later 2015, the executive director of EQUAL GROUND, an LGBTQIA+ advocacy group, reached out to our chairman and deputy chairman to discuss the significance of explicitly including LGBTQIA+ in our nondiscrimination policies. (Ruvini)



EQUAL GROUND, a prominent LGBTQIA+ advocacy organization, urged CH's senior management to include sexual orientation and gender identity in the company's nondiscrimination policies, emphasizing the importance of demonstrating a commitment to equality. This request, alongside other suggestions and opinions from influential voices within the LGBTQIA+ community, became a driving force in integrating LGBTQIA+ considerations into CH's diversity and inclusion policy. The involvement of top management, backed by their knowledge, influence, and experience, contributed to a greater focus on diversity, equity, and inclusion (DE&I) within the company.

For instance, in our insurance sector, our CEO is an expatriate. When I initially discussed DE&I with him, our immediate focus was on increasing female workforce participation. However, my boss quickly raised the question, "What about LGBTQIA+? What are we doing about that? That's also part of diversity." This likely reflects his background and experience, having worked in diverse countries like Vietnam and Thailand. Although he is Indian, his exposure to different cultures has influenced his understanding and approach to diversity and inclusion. (Meena- SM)

Professional norms, both those brought in by new hires and those acquired through internal training, shape an organization's management and practices (Raineri, 2018). For example, Meena's boss, with his extensive international experience, underscores the need for LGBTQIA+ inclusion initiatives. His background, encompassing various cultural settings, leads him to prioritize diversity in a broader sense. Such opinions from various experts and professionals can be considered as a normative pressure that drives and enriches initiatives for LGBTQIA+ inclusivity within the organization.

#### Successful global businesses

Organizations often observe and study the best practices, actions, processes, and structures of leading global corporations. This approach helps them learn from successful models and implement effective strategies. However, it doesn't mean they blindly follow trends or adopt practices just because others do. Instead, they critically assess what works and then align these practices with their own goals and values.

LGBTQIA+ inclusion has gained widespread

attention and become a topic of open discussion in many global organizations. Generational changes and greater awareness of global trends and practices influence this shift. As people observe the inclusive policies and progressive stances adopted in other countries, there's a growing recognition that LGBTQIA+ inclusivity is not just a progressive ideal—it's becoming a fundamental requirement for modern businesses. (Vishwa)

We need to be aware of the broader context and adapt to evolving global best practices. It could be due to the influence of leading companies embracing these trends or the growing acknowledgment of inclusivity's importance in modern business. Whatever the reason, keeping pace with global developments is essential. (Kalani)

CH is attuned to the evolving business environment. Despite LGBTQIA+ inclusivity being relatively rare in the Sri Lankan business landscape, it is widely acknowledged as a sustainable practice globally. As a company with global partners, and clients, and a role as a supplier to the global market, CH keeps track of global best practices and seeks to align with them. This approach can be seen through the lens of mimetic pressures within institutional isomorphism, where companies often emulate the practices of successful global organizations to remain competitive and relevant.

Diversity plays a crucial role in the success of leading global corporations. If you examine the strategies of these successful companies, you'll find that embracing a diverse workforce and fostering inclusive practices are key contributors to their achievements. This recognition drives many organizations to prioritize diversity as a core element of their business strategy. (Mahesh)

Diversity has emerged as a critical success factor for leading companies worldwide. Organizational actors often look to successful peers for guidance on what practices lead to success (Hambrick et al., 2004). Mimetic isomorphism refers to the tendency of organizations to imitate the successful behaviors of other organizations (Khamis et al., 2019). As a result, when global companies achieve success by adopting certain actions, processes, or structures, other

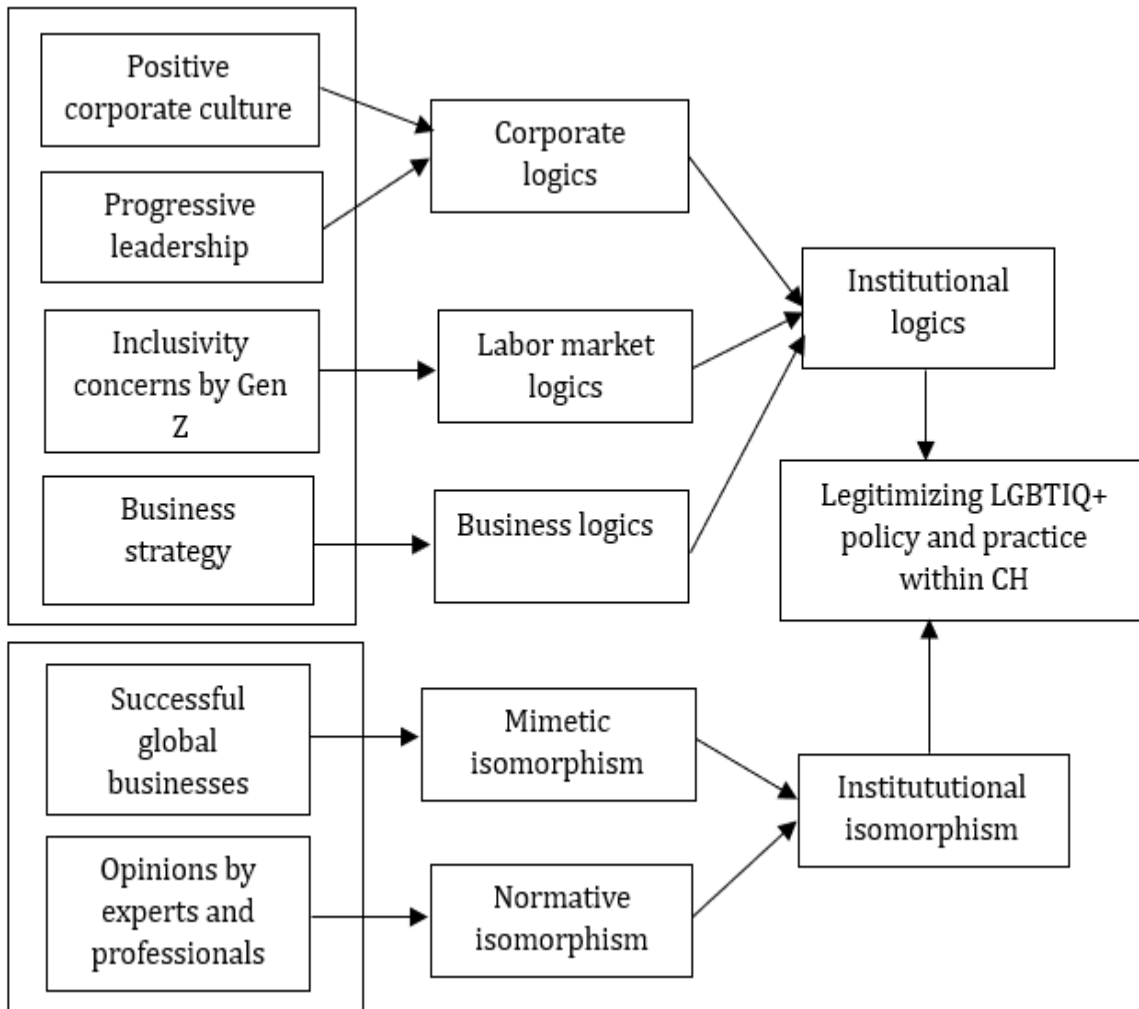


Figure 1: Legitimizing LGBTQIA+ inclusivity via institutional logics and isomorphic pressures

businesses are influenced to follow suit, incorporating similar approaches to replicate that success.

As illustrated in Figure 1, legitimizing LGBTQIA+ inclusive policy and practice has been driven by a coexistence of different isomorphic pressures and institutional logics.

### Discussion and findings

The discussion consists of two main parts. First, I explore the underlying institutional logics that drive CH's commitment to implementing LGBTQIA+ inclusive policies and practices. Next, I examine the isomorphic pressures that push CH to establish formal LGBTQIA+ inclusivity in their workplace. As shown in Figure 1, both institutional logics and

isomorphic pressures together contribute to CH's approach toward adopting LGBTQIA+ inclusive policies and practices.

### Institutional logics

Organizational decision-makers can respond to shifts in legitimacy-related contexts by adopting isomorphic or non-isomorphic actions (George et al., 2006). The key question is: Why did CH become heterogeneous in the local industry by adopting radical practices, even though there was no pressure to do so in the local context? Organizations often face institutional pluralism because they operate in both local and global environments, experiencing changes in multiple institutional spheres simultaneously (Friedland & Alford, 1991).

The institutional logics perspective offers a framework for understanding how organizations navigate heterogeneity by embracing changes and innovations that go beyond the homogeneous structures and practices typical in their local institutional fields.

The implementation of LGBTQIA+ inclusive policies and practices at CH is driven by the active involvement, support, and commitment of its leaders. Individuals in top positions are more likely to have access to crucial resources, enabling them to implement significant organizational changes due to their roles within the company (Battilana, 2006). Young leaders with international education tend to be more knowledgeable about various gender identities and sexual orientations. They treat LGBTQIA+ inclusivity with high importance and set an example for their organizations by fostering diversity and serving as role models for their followers. This approach helps create an ethical culture where leaders lead by example (Mayer et al., 2013). The chairman's public endorsements of the company's LGBTQIA+ non-discrimination policy further reinforce the firm's commitment to inclusivity. This public stance sends a message to both employees and society that LGBTQIA+ inclusion is part of the company's identity. Corporate leaders have a significant influence, not only by supporting organizational goals but also by quietly promoting broader societal changes (Weber & Waeger, 2017). Although institutions have the power to shape or regulate behavior, key players can also build, modify, or challenge these institutions based on their status and influence (Yeung et al., 2011). Consequently, the actions of senior management can establish new institutional logics or integrate existing ones.

CH sees formalizing LGBTQIA+ inclusivity as a strategic move to attract talented young workers, as Generation Z is more open to and welcoming of the LGBTQIA+ community. The growing reliance on young workers in the labor market provides additional rationale for CH's adoption of LGBTQIA+ inclusive policies, reflecting the younger workforce's preference for inclusive workplaces. As the labor market continues to evolve, establishing and solidifying LGBTQIA+ inclusive/supportive policies will become essential for companies seeking a competitive advantage (Ozeren, 2014). Furthermore, the changing workforce demographics, the decreasing pool of

qualified candidates, and the rising number of LGBTQIA+ consumers and employees suggest that diversity is not only an ethical imperative but also a business necessity (Ozeren, 2014). By adopting these policies, CH can attract top talent and stay competitive in an increasingly diverse labor market. On social media platforms, LGBTQIA+ culture and behavior are more visible than ever. LGBTQIA+ advocacy and activities are increasingly prominent in the media, and social media have been instrumental in spreading information about LGBTQIA+ issues, shifting perceptions, and fostering the growth of LGBTQIA+ movements in Malaysia (Mokhtar et al., 2020). LGBTQIA+ celebrities and LGBTQIA+ specific representations in mainstream media are aimed not only at LGBTQIA+ audiences but also at the growing customer base that supports LGBTQIA+ equality (Nölke, 2017). Thus, social media plays a crucial role in raising awareness, especially among young people.

In a context where comparable companies in Sri Lanka have not embraced LGBTQIA+ inclusive policies, CH's positive corporate culture, rooted in its unique value system, provides a rationale for adopting such policies and practices. While some cultures adhere to traditional monocultural approaches, other organizations adopt a more diverse management philosophy (Samuel & Odor, 2018). CH's adoption of LGBTQIA+ inclusive policies is supported by its corporate value system, which blends both masculine and feminine principles. Masculine ideals, such as excellence and innovation, drive the pursuit of power, status, and resourcefulness through diversity, equity, and inclusion (DE&I). At the same time, the company's feminine values, including integrity, care, and trust, justify the adoption of DE&I practices by focusing on the quality of employees' lives. This balance underscores the importance of providing personal freedom, shared responsibility, and mutual respect within the workplace. By combining these values, CH demonstrates that adopting LGBTQIA+ inclusive policies is not only about compliance or image but also about creating a corporate culture that values diversity, fosters innovation, and enhances employee well-being. Although "corporate" and "business" are terms that can overlap and are often used interchangeably, I used "business" to refer to the concept of costs and benefits in this context. The company's recognition of the economic benefits of LGBTQIA+ inclusion is a driving force behind CH's implementation of LGBTQIA+ inclusive practices and policies. Diversity management

and socially progressive corporate strategies can add value to a company (Fatmy et al., 2021). Conversely, if sexual minority exclusion is widespread within an organization, it can harm operational performance and overall morale (Cunningham, 2011). Employers benefit from creating inclusive workplaces, as this reduces “closet costs” and allows employees to focus their energy on their work rather than concealing their identities (Human Rights Campaign Foundation, 2008).

Corporate logic leads CH to formalize LGBTQIA+ inclusivity for reasons beyond improving image or gaining a competitive advantage—it is driven by genuine values. In contrast, business logic views LGBTQIA+ inclusion as a strategic tool, emphasizing the potential benefits to a company’s bottom line. The inconsistency arises because corporate logic in CH focuses on moral imperatives, while business logic targets tangible business outcomes. Despite these differences, aligning both logics can provide a comprehensive approach to fostering a more inclusive and successful workplace.

#### Isomorphic pressures

DiMaggio and Powell (1991) suggest that institutional theory has shifted from analyzing local settings to focusing on corporate sectors or fields that are not tied to geographic boundaries. Scott (2001) notes that community studies fell out of favor after the 1980s as advances in transportation and communication rendered geographic boundaries increasingly irrelevant. This shift led me to evaluate CH’s tendency toward “homogeneity” in a global business context.

CH adopts similar actions, processes, or structures that have proven successful for other global companies. Mimetic pressures occur when decision-makers look to the observed behavior of other organizations as a model for their own (David et al., 2019). Mimetic isomorphism describes how organizations imitate the behaviors of other successful organizations (Khamis et al., 2019). CH exemplifies this by adopting leading LGBTQIA+ practices from similar international companies and setting an example for the local industry, aligning itself with global market trends. However, there is no equivalent memetic pressure on CH at the local industry or market level.

Professionals’ requests, recommendations, and judgments are often shaped by their knowledge and

experience, leading them to focus on implementing LGBTQIA+ inclusive policies and practices. For example, one participant’s boss, who had worked as a professional in various fields, emphasized the need for measures promoting LGBTQIA+ inclusion. Normative learning, which is closely linked to professionalization, encompasses efforts to “define conditions and methods of work” (DiMaggio & Powell, 1991). Normative isomorphism occurs when professionalization leads decision-makers or executives to adopt the standards, language, and norms expected of their managerial class (Hambrick et al., 2004). In CH, many professionals have been exposed to foreign education and have worked in multinational companies. As a result, they tend to endorse best practices from a global perspective, such as adopting LGBTQIA+ inclusive policies. This exposure to international practices and ideas influences their approach, encouraging them to incorporate global standards into their workplace to promote diversity and inclusion.

#### Conclusion and implications of the study

In conclusion, to understand why CH adopts LGBTQIA+ inclusive policies and practices, the findings can be categorized into two key areas. Firstly, normative, and mimetic pressures within the global market sphere influence CH’s approach to diversity, creating homogeneity in its practices. Normative pressures manifest through professionals’ requests, recommendations, and judgments, encouraging CH to implement LGBTQIA+ inclusive policies. As a result, CH adopts leading diversity practices observed in similar international companies, reflecting its response to mimetic pressures. Secondly, different institutional logics contribute to CH’s adoption of LGBTQIA+ inclusive policies and practices. The labor market, corporate, and business logics all play a significant role in rationalizing LGBTQIA+ inclusivity at CH. The labor market’s increasing reliance on younger workers creates a market-driven rationale for LGBTQIA+ inclusivity in CH, highlighting the younger generation’s preference for inclusive workplaces. Furthermore, CH’s adoption of LGBTQIA+ inclusive policies is reinforced by a corporate value system that combines masculine and feminine principles. The masculine values, such as excellence and innovation, merge with feminine values like integrity, caring, and trust, forming a foundation that supports diversity and inclusion. Additionally, CH’s understanding of the economic benefits of LGBTQIA+ inclusion provides



further justification for implementing these policies. Overall, CH's approach to LGBTQIA+ inclusion is influenced by a combination of external pressures and internal values, creating a framework for a more inclusive workplace.

This study emphasizes the need for activism of government, schools, families, and other social institutions to extend the due recognition to LGBTQIA+ individuals. The study raises the need to repeal the prevailing laws which prohibit and undermine the behaviors of the LGBTQIA+ community. Local authorities, policymakers, schools, and families need more education on accepting gender-variant children, treating people of different sexualities and gender identities equally, and implementing policies and programs in a friendly manner rather than a hostile. Moreover, providing education and awareness of gender identity and sexual orientation to school and university students is a crucial step that the education authorities can initiate in making society and the workplace more inclusive. Moreover, the country's employment laws should be explicit about the remedies against LGBTQIA+ discrimination and harassment. A firm public policy is necessary to promote LGBTQIA+ rights while eliminating the legal and social barriers for LGBTQIA+ individuals.

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### Article

## Influence of digitalization and sustainability initiatives on competitiveness of Colombo Port

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### ABSTRACT

Digitalization converts maritime transportation activities into futuristic and sustainable operations in the maritime supply chain. Colombo port plays a pivotal role in the maritime logistics adapting sustainability initiatives for the port operation. The main objective of the research is to identify the impact of the digitalization on port competitiveness with the mediating effect of sustainable initiatives in the port of Colombo. Results show the positive influence of these directions, and ICT and safety and security were the ideals among these directions. The impact of automation, connectivity, and environmental management on port competitiveness is fully mediated by sustainability initiatives as an indirect relationship. That means digitalization impact port competitiveness through sustainability initiatives. Also, the impact of ICT, safety, and security on port competitiveness is partially mediated by sustainability initiatives. Both have direct and indirect relationships with each other. Considering the higher level of impact of sustainability initiatives on port competitiveness, the study can conclude that the port operation is aligned with sustainability in the Colombo port. However, automation, connectivity, and environment management need more concern through developing infrastructure, investment, governance practices, trading partnerships, legal frameworks, and capacity building due to full mediation. Also, ICT, safety, and security also need further attention for those initiatives aimed at enhancing the competitiveness of the port of Colombo.



## Introduction

Ports have been competing within maritime logistics and creating new insights into the shipping industry. Sustainable ports implement development strategies, policies, and activities that protect the environment, economy, and social dimensions of the port while matching the needs to maximize competitiveness (Sankla & Muangpan, 2022). In this digital age, the ability of port businesses to adapt to changing business requirements is critical to their sustainable development and competitive advantage (Othman et al., 2022). As a result, global ports have been introducing technological innovations as part of sustainable port management. Recently, in spite of the findings of previous research and studies, an association has been established between approaches and practices of technology, smart ports, and sustainable performance, and it is an essential requirement to address those issues practically among ports, mainly in developing countries (Othman et al., 2022).

In recent years, a new pillar of technology has emerged (Russo & Musolino, 2021). The focus of innovation is on digitalization, which will make ports more automated, environmentally friendly, and collaborative (Heikkilä et al., 2022). Also, port management and technology have been major driving forces in establishing green competitiveness, which can be identified due to greater usage of the technology by the ports (Kuang et al., 2023). Jun et al. (2018) have mentioned that those ports can be considered autonomous ports, robotic ports, and intelligent ports. Meanwhile, this innovative improves operational efficiency through information and communication technology, improves the quality of life, and increases port competitiveness. That means it ensures the needs of current and future generations, considering the environmental, economic, and social dimensions (Othman et al., 2022).

The main use of the Colombo Port is for containers. Colombo, Sri Lanka, was the best-performing port in South Asia and ranked 24th among the top ports in 2021 (UNCTAD, 2022). The Colombo port, which is cargo originating to destined, connects Europe, East and South Asia, the Persian Gulf, and East Africa effectively, efficiently, and appropriately. And also, it is one of the busiest ports in the world and provides

an opportunity for the Indian region's development. Annually, 700,000 TEU are handled by this port, which is in 8th place in Asia (UNCTAD). Further, it has the opportunity to operate more TEUs due to enabling a healthy maritime trading environment through the economic, social, and environmental pillars of the port operation. Meanwhile, Colombo port is competing with other regional ports. Specially, world trading is attracted by Singapore,

Vietnam, India, Malaysia, and Dubai (Figure 1.1). They have been utilizing the applications of digitalization and developing terminal operations for trading. Such as the Sagarmala mega project, which is a development strategy for the coastal ports with the aim of enhancing the operational efficiency of the ports (Kannangara, 2019).

According to the Frontier Technology Readiness Index (Table 1.1), Sri Lanka is ranked 89 in 2022 (UNCTAD, 2023). The countries in the region have been utilizing digital technologies for port activities than Sri Lanka. As a result of the competitiveness of the regional ports has been increased. Comparing with regional countries, Sri Lanka is lacking. Digitalization has been adapting to their port activities. It has been creating a critical environment for maritime trading through the booming competitiveness of Colombo port. According to Logistics Performance Index, Sri Lanka is ranked 73 among 140 in 2023. This indicates the requirement of whole logistics sector in the country; improvements in clearance process, development of transport and trade related infrastructure, shipping cost, quality of logistics service etc... (World Bank, 2023). These indexes highlight the current situation of the maritime logistics and further involvement to improve the logistics capabilities. In other hand port sustainability and digitalization play a critical role at this juncture in the other countries and Sri Lanka is require to make the port resilience through enhancing competitiveness.

According to literature, researcher could identify the various approaches to digitalization and their benefits for maritime transportation and other logistics services. Such as Automation (Yang, et al., 2022; Heikkilä, et al., 2022), Efficient information flow (Serra, et al., 2022; Caldeirinha & Nabais, 2022; Sahu, et al., 2022), Monitoring and traceability (Caldeirinha & Nabais, 2022; Zhou, et al., 2022; Hake, et al., 2023), Security



(Ibrahim, 2022; Tsvetkova & Hellström, 2022; Serra, et al., 2022). Mthembu & Chasomeris, (2022) has mentioned role of the port users and other stakeholders are important to develop the Port Community System (PCS). It determines port competitiveness, and productivity throughout the supply chain while enhancing the attractiveness through the better connectivity. Further the rapid growth of technology during the past few years has become a part of maritime logistics. Therefore, directions have been changing from time to time according to the digital transformation. Further, Othman & El-gazzar (2022) have mentioned that the new business environment and digital transformation have been challenging to the global supply chain and that port users need to address these challenges by adapting new technology and smart management. The integration of the core players, ports with inland logistics providers and government intervention, integration of new technologies (Lin & Chang, 2022), green competitiveness (Kuang, et al., 2023) and hinterland connectivity (Gleser, et al., 2023) can improve the same as mentioned by Mthembu & Chasomeris, (2022) and furthermore supply chain resilience. These studies mainly focus on the advantageous of the digitalization and their implications for the port competitiveness. Therefore this study base on, what is the involvement of digitalization and sustainability initiatives to enhance the port competitiveness in port of Colombo. Accordingly, current study focuses on investigating the mediating effect of sustainability initiatives between the digitalization and port competitiveness through statistical analysis since mediating impact of sustainability has not been addressed by past researches. Therefore main research's objectives are:

**RO1:** Identify the important factors of port competitiveness and digitalization of port of Colombo.

**RO2:** Investigate the impact of digitalization on competitiveness of the port of Colombo

**RO3:** Investigate the impact of digitalization on sustainability initiatives of the port of Colombo

**RO4:** Investigate the impact of sustainability initiatives on competitiveness in the port of Colombo

**RO5:** Evaluate the mediating impact of sustainability initiatives on the link between of digitalization and competitiveness of the port of

Colombo

This paper consists of five sections. Initially, introductions give the background, problem of the research, and objectives. The second is about a literature review, and the third section presents the conceptual model, hypothesis development, and analysis techniques. The fourth section describes the findings and discussions, and the final chapter outlines the conclusion and recommendations.

## 2. Literature review

### 2.1 Port Competitiveness

Ports and maritime transportation have significant positive associations (Igemohia & Faghawari, 2022). However, in maritime transportation, enhancing the competitiveness and efficiency of the port is a critical requirement in the current global supply chain (Mouafo Nebot & Wang, 2022). Competitiveness can be identified as a comparison between two or more factors that are engaged in maritime economics, port management, and maritime logistics (Rozar et al., 2022). In the current maritime context, factors of competitiveness vary according to the requirements of port users. Scholars and professionals have recently investigated those factors, considering their importance (Table 2.1). Meantime, Port rivalry is so complex; it is not a well-defined term. Therefore, among other factors, the nature and characteristics of competition rely on the type of port (gateway, local, transshipment, etc.) and the commodity (containers, liquid bulk, etc.) (Notteboom & Yap, 2012). Therefore the many parties participating in the port business will therefore undoubtedly have different interpretations, measurements, and implications of these aspects. Additionally, the competitive offering will need to take into account what the port community as a whole, not just the container terminal operator, has to offer (Notteboom & Yap, 2012.).

### 2.2 Competitiveness of the Port of Colombo

The strategic location of the Colombo port is a main pillar measuring competitiveness, like other global ports like Singapore, Shanghai, Hong Kong, Bussan, Rotterdam, and Hamburg. It shows the capacity to compete and collaborate with other ports (Russo & Musolino, 2021). Colombo port is competing with other regional ports. Specially, world trading is attracted by Singapore, Vietnam, India, Malaysia, and Dubai. They have been adopting applications of digitalization and developing terminal operations trading (Kannangara, 2019). Kavirathna et al. (2018)

have mentioned that compared with Singapore, Colombo has low competitiveness due to its relatively low market share. It was affected by the performance of the components, such as monetary, time, location, operation, and related costs. Colombo port is located in the Indian Ocean, which is a major East-West shipping route (Hales et al., 2016).

A port is an organic organization within the context of the region's geo-socio-political-economic system (Lee, 2022). Obviously, the OBOR project of China is making a new silk route for maritime trading, and they are developing and operating ports under their management for trading facilitation, such as Gwadar, Hambantota, Colombo, Kolkata, Kuala Lampoor, Nairobi, etc. Sagarmala project has been leading the port development in India that aim to enhance efficiency of operation and connect the coastal line ports in India (Kannangara, 2019). It has been spending over USD 140 billion for enhancing the port infrastructure, transformation with new technology, new ports expansion, hinterland connectivity with rail and road (Kannangara, 2019). India and Russia are developing a new trade corridor called the International North-South Transport Corridor (INSTC), which connects both countries through internal roads bypassing major maritime routes to European and central Asian markets (Lee, 2022).

### 2.3 Digitalization in Port Operation

The rapid growth of technology during the past few years has become a part of maritime logistics (Iman et al., 2022). The new business environment and digital transformation have been challenging to the global supply chain, and port users need to address these challenges by adapting new technology and smart management. Othman & El-Gazzar (2022) have mentioned that smart ports and technology can address these challenges successfully.

Digital transformation has many benefits for maritime shipping. It produces recognition from the customers, improves efficiency, and builds relationships with customers and sustainability (Kuo et al., 2022). Information flow can integrate the network and develop connectivity among the stakeholders. Digitalization facilitates communities to play on keeping a single platform, supporting each other through sharing real-time information (Caldeirinha & Nabais, 2022; Serra et al., 2022). It helps to monitor the visualization and audible operation of terminal and yard operations (Zhou et al., 2022; Cil et al., 2022). And identify container movement on a global scale (Aksentijević & Tijan, 2022). Not only does it improve efficiency, but it also ensures the security of maritime trading (Serra et al., 2022). And mitigate the human-related risks, threats, and vulnerabilities (Ibrahim, 2022). According to UNCTAD (2023), new technologies in trading can be identified under the 16 categories of technologies. Table 2.2 shows the digitalization of maritime logistics.

### 2.4 Approaches of Digitalization

According to literature, author could identify the various approaches to digitalization and their benefits for maritime transportation and other logistics services. The aim of this study is to identify the impact of digitalization and the mediating role of sustainability initiatives. Considering the various approaches, author could identify the current and future approaches of digitalization through various empirical evidence (Table 2.3).

#### 2.4.1 Automation

Amarathunga (2022) has mentioned the configuration of an automated port as seaside, quayside, and landside. It consists of quayside automation, horizontal transport (seaside), yard side automation, horizontal transport (landside), and gate automation. Terminal automation mainly focuses on transportation, yard automation, and quayside areas (Amarathunga, 2022).



Figure 1.1: Major port competitors of Sri Lanka

Such technology is used for automated guided vehicles (AGV), automated rail-mounted gantries (ARMG), automated and unmanned tractors, runners, cranes, shipping equipment to shore, equipment in the yard, and container movement from berth to yard. Also, they have used various technologies for that, such as radio frequency identification (RFID) and optical character recognition (OCR) (Knatz et al., 2022).

#### 2.4.2 Connectivity

Relationships between stakeholders: port authorities, ministries, harbormaster's offices, freight forwarders, agents, and terminal operators can be enhanced by adapting technology (Jovic et al., 2022). Most of the port recognizes the importance of not only investing in infrastructure but also smart

technologies and integration within the port community (Othman et al., 2022). Digitalization integrates all the parties into a single port and connected all the ports (Farah et al., 2022). Also, it makes bridges, gives power (Liu et al., 2022), reduces costs, and enhances the maritime supply chain's efficiency (Gavalas et al., 2022; Liu et al., 2022). Shipping professional organizations and associations are providing standards, guidelines, and recommendations for the shipping industry considering the new trend of the digital transformation (Kuo et al., 2022).

**Table 1.1: The Frontier Technology Readiness Index (Rank) – 2023**

Country	2023	2021
<i>Singapore</i>	3	5
<i>Malaysia</i>	32	31
<i>United Arab Emirates</i>	37	42
<i>India</i>	46	43
<i>Saudi Arabia</i>	47	50
<i>Indonesia</i>	85	82
<i>Sri Lanka</i>	89	86

Source; (UNCTAD, 2023)

**Table 2.1: Factors of Port Competitiveness**

Factors	Source
<i>Terminal operation</i>	Jiang, et al., 2022; Mouafo Nebot & Wang, 2022; Jiang, et al., 2023; Ambrosino & Xie, 2022
<i>Digital transformation</i>	Jiang, et al., 2022; Lin & Chang, 2022; Othman, El-gazzar, & Knez, 2022; Kuang, Zhu, & Bai, 2023; Hong, Guo, & Wang, 2023; Iman, Amanda, & Angela, 2022; Mthembu & Chasomeris, 2022; Gracia, González-Ramírez, Ascencio, & Mar-Ortiz, 2022
<i>Efficiency of the operation</i>	Li, Jiang, Liu, & Su, 2022; Lin & Chang, 2022; Igemohia & Faghawari, 2022; Rozar, Kamaruddin, Ashari, Usman, & Alown, 2022; Iman, Amanda, & Angela, 2022; Mohseni, Sys, & Vanelislander, 2023
<i>Maritime shipping network</i>	Bernacki & Lis, 2022; Zhou, Shi, & Wang, 2022; Gracia, González-Ramírez, Ascencio, & Mar-Ortiz, 2022; Notteboomand & Rodrigue, 2022; Shi, Chen, Xu, DiI, & Qu, 2022
<i>Maritime logistics capabilities and service</i>	Wagner, Kotowska, & Pluciński, 2022; Costa & Soares-Filho, 2022; Igemohia & Faghawari, 2022; Iman, Amanda, & Angela, 2022; Ambrosino & Xie, 2022; Tsantis, Mangan, & Roberto Palacin, 2022; Notteboomand & Rodrigue, 2022; Shi, Chen, Xu, DiI, & Qu, 2022
<i>Low carbon emission</i>	Wagner, Kotowska, & Pluciński, 2022; Jiang, et al., 2023; Hong, Guo, & Wang, 2023
<i>Sustainable port performance</i>	Othman, El-gazzar, & Knez, 2022; Kuang, Zhu, & Bai, 2023; Barreiro-Gen, Lozano, Carpenter, & Bautista-Puig, 2022

Source: Developed by author

**Table 2.2: Usage Digitalization Approaches in the Maritime Logistics**

Author	Usage of Digitalization
<i>Heikkilä, et al., (2022)</i>	Applications of Smart port 4.0: renewable energy, hybrid, electric based terminal equipment and container tracking system
<i>Alamoush, et al., (2021)</i>	Digitalization – single window system, port community system which give service to ship and land transportation for other users also. E-document management system (EDI – Electronic Data Exchange, E-document program, RFID). Technologies for connectivity and analysis of data (IoT, big data, cloud and edge computing). Block chains (digitalized ledger system, e-bill of lading). Measures of cyber security
<i>Sankla &amp; Muangpan, (2022)</i>	Smart port applications for environment, economic and social aspects.
<i>Jun, et al., (2018)</i>	Practices of smart ports; environment, energy, operational, safety, security, people factor
<i>Sankla &amp; Muangpan, (2022)</i>	Internet of Thing (IoT) – exchanging of information about the climate, position, sea route and specifications of cargo. Big Data (BD) – for the purpose of analysis of low enforcement and cargo owner, shippers etc... Block Chain (BC) – facilitate the monetary transactions between the stakeholders and digital ledgerization Artificial Intelligence (AI) – space allocations, security detection and actions, allocations of containers automatically Digital Twin – interface and simulations of physical movement and live seen
<i>Mudronja, et al., (2022)</i>	Drones, G networks, fuel technology, internet of Vehicles etc...

Source: Developed by author

**Table 2.3: Digitalization**

Approaches	Source
<i>Operational efficiency</i>	Kuo, Chen, & Yang, 2022; Gavalas, Syriopoulos, & Roumpis, 2022; Tsvetkova & Hellström, 2022; Serra P. , Fancello, Tonelli , & Marchesi , 2022; Farah , et al., 2022; Othman & El-gazzar, 2022; Othman, El-gazzar, & Knez, 2022; Han, et al., 2022
<i>Maritime logistics capabilities</i>	Iman, Amanda, & Angela, 2022; Serra P., Fancello, Tonelli, & Marchesi, 2022; Tsvetkova & Hellström, 2022; Zeng, Fang, & He, 2022
<i>Contribution of maritime institution</i>	Kuo, Chen, & Yang, 2022; Vitellaro, Satta, Parola, & Buratti, 2022; Clott & Hartman, 2022
<i>Strategies for digitalization and port sustainability</i>	Kuo, Chen, & Yang, 2022; Jugovi´c, Siroti´c, & Poletan Jugovi´c, 2022; Akkerman, Lalla-Ruiz, Mes, & Spitters, 2022; Belmoukari , Audy, & Forget, 2023; Heikkilä, Saarni, & Saurama, 2022; Othman & El-gazzar, 2022; Othman, El-gazzar, & Knez, 2022; Clott & Hartman, 2022
<i>Stakeholder connectivity</i>	Iman, Amanda, & Angela, 2022; Serra, et al., 2022; Caldeirinha & Nabais, 2022; Jovi´c, Tijan, Vidmar, & Pucihar, 2022; Serra P. , Fancello, Tonelli, & Marchesi, 2022; Farah , et al., 2022; Heikkilä, Saarni, & Saurama, 2022; Othman, El-gazzar, & Knez, 2022
<i>Efficient information flow</i>	Serra, et al., 2022; Caldeirinha & Nabais, 2022; Sahu , Pani, & Santos, 2022; Serra P. , Fancello, Tonelli, & Marchesi, 2022; Li, Li, Zhang, Xiao, & Sun, 2022; Monzon Baeza & Ortiz, 2022; Clott & Hartman, 2022
<i>Automation</i>	Yang, Meng, & He, 2022; Heikkilä, Saarni, & Saurama, 2022
<i>Decarbonize</i>	Yang, Meng, & He, 2022; Farah , et al., 2022; Monzon Baeza & Ortiz, 2022
<i>Monitoring and traceability</i>	Caldeirinha & Nabais, 2022; Zhou, Fu, Zhang, Li, & Gao, 2022; Aksentijevi´c, Tijan, Kapidani, & Žgalji´c, 2022; Cil, Abdurahman , & Cil, 2022; Hake, Lippmann, Alkhatib, Oettel, & Neumann, 2023; Li, Li, Zhang, Xiao, & Sun, 2022; Monzon Baeza & Ortiz, 2022; Sahu , Pani, & Santos, 2022
<i>Security</i>	Ibrahim, 2022; Tsvetkova & Hellström, 2022; Serra P. , Fancello, Tonelli, & Marchesi, 2022; Farah , et al., 2022; Han, et al., 2022

Source: Developed by Author



### 2.4.3 Information Communication System (ICT)

The flow of goods (cargo), information, and finance can be efficiently and effectively transferred within the decision-makers through ICT as a single-port operation. It helps to make decisions for the different decision-makers (Russo & Musolino, 2021). ICT gives a better interface with stakeholders, assisting them to maximize the bottlenecks, plan well, and achieve the expected gains from international trade (Calatayud et al., 2020). Another important thing is that it guarantees information's relevancy, integrity, and consistency through the sharing and storage of information. And it gives a better economic outcome through better decision-making supported by an information system (Knatz et al., 2022). Also, the information system automatically gives safe guide lines for operating ships with the correct position, speed, path, route, and course (Tran, 2022).

### 2.4.4 Safety and Security

Ports are facing vulnerabilities in safety and security matters. Digitalization can solve these problems, ensure productivity, address environmental aspects, and use energy efficiently (Othman et al., 2022). Digitalization facilitated efficient supervision of the port area and better identification of the persons, equipment, and treats, which can be further analyzed through ICT (Rodeigue & Notteboom, 2021). Smart port impact on productivity, value-added services, and employment as a result, all parties can ensure cargo movement is safe without any internal harm and ensure the safety of the employees (Rodeigue & Notteboom, 2021). Applications of smart ports in Egypt could ensure the safety and security of the ship, solving the uncertainty in the trading pattern (Othman et al., 2022).

### 2.4.5 Environment Management System (EMS)

Environmental degradation occurs through maritime activities. Smart ports highlight the importance of the role of a variety of indicators in economic, social, and environmental performance. Those indicators provide benefits for all the stakeholders in maritime logistics by achieving environmental objectives (Othman et al., 2022). Smart and sustainable port operations ensure functions related to economic, environmental, and social smart ports (Sankla & Muangpan, 2022).

### 2.5 Sustainable Initiatives of the Port

Sustainable initiatives are defined clearly by the American Association of Port Authorities (AAPA) as

strategies, policies, and actions that meet the needs of present and future stakeholders of the port while ensuring the protection and sustainability of natural and human resources (Degens, 2008). Most industries in the world have been facing novel, unpredictable, and extraordinary challenges. As a result, operational decisions made by them are liable, accountable, and reflect sustainable initiatives (Cavalli et al., 2021). Sustainable initiatives are required for the maritime business as an emerging trend in the shipping industry. As a result, port authorities have been influenced to adapt this green governance practice in the port (Jugovic et al., 2022).

Port stakeholders have been implementing a variety of measures to enhance the port's sustainability and meet the challenges of social, economic, and environmental conditions (Hossain et al., 2021). Therefore, these three dimensions are most important when pursuing sustainable development in the port (Cavalli et al., 2021). On the other hand, port sustainability is an international obligation that is programmed as the Sustainable Development Goals (SDG) promulgated by the United Nations (Jun et al., 2018).

Increasing trade flows require port development, which drives economic growth. Port authorities need to increase port expansion and infrastructure development while meeting economic, social, and environmental objectives and goals (ESCAP, 2021). That means while reducing environmental negative impact and improving social welfare, ports need to operate with higher economic performance (Sankla & Muangpan, 2022). WPS (2020) mentions the main five areas covering the activities, responsibilities, and competencies of port participants. Such as strong infrastructure, community and stakeholder participation, safety and security, governance, and ethics.

This analysis of digitalization, sustainability initiatives, and port competitiveness identifies a positive relationship between digitalization and port competitiveness and sustainability initiatives. Moreover, the literature highlights that there is a moderate effect of policies and strategies related to sustainability on digitalization and port competitiveness. However, the researcher identified a meticulous gap in the current research in which there has not been conducted an assessment of the influence of directions of digitalization on the port competitiveness of Colombo with the mediating effect of sustainability initiatives.



According to Kavirathna et al. (2018), who provide information about Colombo's transshipment port competitiveness in her study. She has highlighted the need for future research to focus on new phenomena and factors that she was not focusing on during her study, which are based on cost, charges, time, location, etc. Parola et al. (2016) have also mentioned the development of sophisticated criteria and provided different kinds of criteria for future research. Like green competitiveness, innovations, social and political factors, etc. Therefore, this research has found a research gap through the limitations and suggestions of previous research. Considering that, a research methodology will be developed to address this gap and the objectives of the study within the next chapter.

### 3. METHODOLOGY

#### 3.1 Conceptual Framework

Based on the comprehensive literature review and opinions of the specialists, conceptual formwork is illustrated as follows: It measures the impact of digitalization on the port competitiveness of the port of Colombo, with the mediating effect of sustainability initiatives.

According to Figure 3.1, there are relationships among digitalization, sustainability initiatives and port competitiveness. First, digitalization serves as independent variables that influence sustainability initiatives. Therefore, sustainability initiatives serve as the dependent variable here. Next, again, digitalization serves as the independent variable, which impacts port competitiveness, which serves as the dependent variable.

Thirdly, sustainability initiatives serve as the independent variable that influences port competitiveness, where port competitiveness is the dependent variable. Finally, the impact of digitalization on port competitiveness is mediated by sustainability initiatives, where digitalization, port competitiveness, and sustainability initiatives serve as the independent variables, dependent variables, and mediating variables, respectively.

Based on the developed conceptual framework, this research is also going to examine the impact of digitalization on port competitiveness and the mediating effect of sustainability initiatives. Therefore, the following hypothesis is proposed:

#### **H4 : Sustainability initiatives significantly mediate the link between digitalization and port competitiveness**

Base on H<sub>1</sub>, H<sub>2</sub>, H<sub>3</sub> and H<sub>4</sub> following hypothesis were derived to address the research questions and objectives of the study in-depth manner.

H<sub>1a</sub>: There is a significant impact of automation on competitiveness of the port of Colombo

H<sub>1b</sub>: There is a significant impact of connectivity on competitiveness of the port of Colombo

H<sub>1c</sub>: There is a significant impact of ICT on competitiveness of the port of Colombo

H<sub>1d</sub>: There is a significant impact of safety and security on competitiveness of the port of Colombo

H<sub>1e</sub>: There is a significant impact of environment management on competitiveness of the port of Colombo

H<sub>2a</sub>: There is a significant impact of automation on sustainability initiatives of the port of Colombo

H<sub>2b</sub>: There is a significant impact of connectivity on sustainability initiatives of the port of Colombo

H<sub>2c</sub>: There is a significant impact of ICT on sustainability initiatives of the port of Colombo

H<sub>2d</sub>: There is a significant impact of safety and security on sustainability initiatives of the port of Colombo

H<sub>2e</sub>: There is a significant impact of environment management on sustainability initiatives of the port of Colombo

H<sub>3a</sub>: There is a significant impact of sustainability initiatives on competitiveness of the port of Colombo

H<sub>4a</sub>: Sustainability initiatives significantly mediate the link between automation and competitiveness of port of Colombo

H<sub>4b</sub>: Sustainability initiatives significantly mediate the link between connectivity and competitiveness of the port of Colombo

H<sub>4c</sub>: Sustainability initiatives significantly mediate the link between ICT and competitiveness of the port of Colombo

H<sub>4d</sub>: Sustainability initiatives significantly mediate the link between safety and security and competitiveness of the port of Colombo

H<sub>4c</sub> : Sustainability initiatives significantly mediate the link between environment management and competitiveness of the port of Colombo

### 3.3 Population and Study Sample

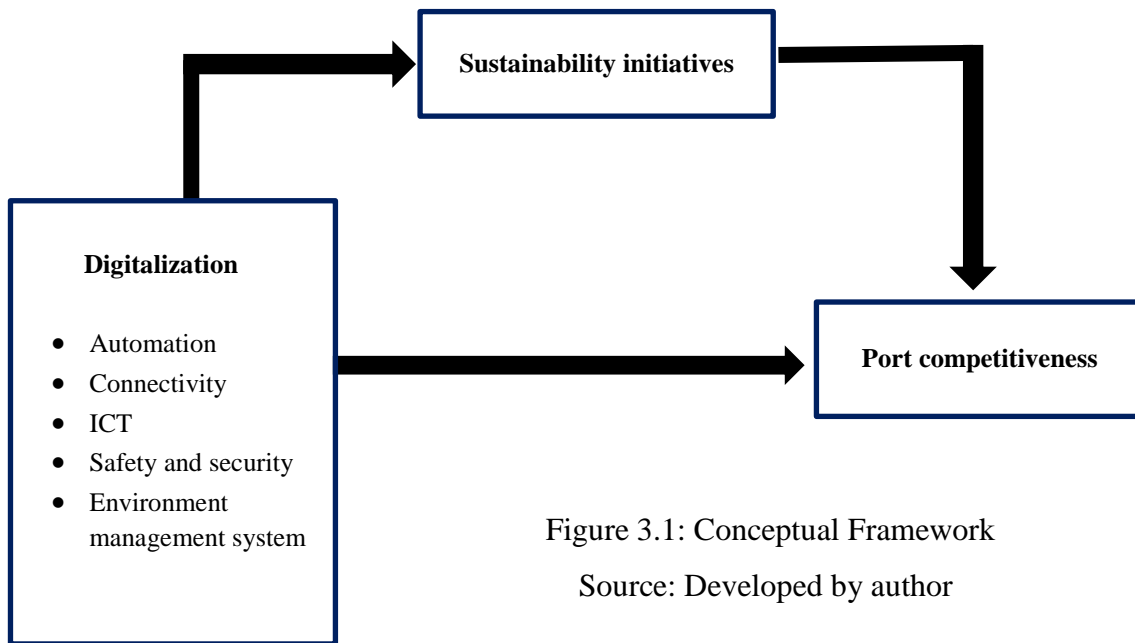
As per Gao et al., (2018), Quanzhou Port's competitiveness in China was successfully measured through the data collecting of port management, students, researchers, university and enterprises as the main respondents. Considering the purpose and reflection of the port operation, employees who are working in shipping lines, container terminal

operators, the Sri Lanka Port Authority, and Sri Lanka Customs are the target population in this study. They directly deal with the activities of the port. Considering the purpose of this research, it is required to collect validity data from experienced, well-educated, and professional employees. Therefore, this study is going to use stratified sampling, which is often more convenient than other sampling techniques. According to that, 250 employees are selected using purposive sampling, considering the experienced, well-educated, and professional employees.

**Table 3.2: Definitions of Variables**

Variables	Definition
Automation	Automation eliminates the requirement for physically be in the area in order to run the machinery. Anyone can work from a remote office while virtually remaining close to the port and terminal, expanding this beyond the terminal just needs internet access (Tran, 2022)
Connectivity	Relationships between stakeholders: port authorities, ministries, harbormaster's offices, freight forwarders, agents, and terminal operators can be enhanced by adapting technology (Jovic et al., 2022).
ICT	Integration of communication protocols and information and document sharing amongst decision-makers enable cooperation (Mussolino & Russo, 2021).
Safety and security	Ports are facing vulnerabilities in safety and security matters. Digitalization can solve these problems, ensure productivity, address environmental aspects, and use energy efficiently (Othman et al., 2022).
Environment management	It is important to maximize the use of natural resources, space, time, and finance to create energy and operational efficiency and establish environmental sustainability. Hence, the inclusive performance of the port can be increased by the smart port. Automation and connectivity mainly help reduce environmental pollution (Othman, Gazzar, & Knez, 2022; Sankla & Muangpan, 2022).
Port competitiveness	Competitiveness can be identified as a comparison between two or more factors that are engaged in maritime economics, port management, and maritime logistics (Rozar et al., 2022).
Sustainability initiatives	Sustainable initiatives are defined clearly by the American Association of Port Authorities (AAPA) as strategies, policies, and actions that meet the needs of present and future stakeholders of the port while ensuring the protection and sustainability of natural and human resources (Degens, 2008).

Source: Developed by author



3.2 Development of Hypothesis (H)

**Table 3.1: Research Hypothesis**

	Hypothesis	Sources
H <sub>1</sub>	There is a significant impact of digitalization on port competitiveness	Kuo, Chen, & Yang, 2022; Mthembu & Chasomeris, 2022; Gleser, Elbert, & Wu, 2023; Mudronja, Deaaksentijević, & Jugović, 2022; Farah , et al., 2022; Hong, et al., 2023
H <sub>2</sub>	There is a significant impact of digitalization on sustainable initiatives	Farah , et al., 2022; Tsvetkova & Hellström, 2022; Han, et al., 2022; Jugovi´c, et al., 2022; Clott & Hartman, 2022; Kuang, Zhu, & Bai, 2023
H <sub>3</sub>	There is a significant impact of sustainable initiatives on port competitiveness	Huang, et al., 2022; Li, Jiang, Liu, & Su, 2022; Tsantis, Mangan, & Roberto Palacin, 2022; Shi, Chen, Xu, DiL, & Qu, 2022; Gracia , González-Ramírez, Ascencio, & Mar-Ortiz, 2022; Wagner, Kotowska, & Pluci ´nski, 2022; Sankla & Muangpan, 2022

Developed By Author

3.4 Data collection and Data Analysis Techniques

Data collection method of this study is questionnaire (Appendix 1). Based on the research questionnaire pertaining to digitalization, the mediating effect of sustainability initiatives on port competitiveness is going to be analyzed. For that, researchers use a five-point Likert scale to gather and analyze the data. A questionnaire was created using Google Forms and distributed among the respondents using LinkedIn among the purposively selected respondents. Those have professional knowledge and the required

experience about the port operation in Colombo. Further, questions are based on the generally knowing and relevant concepts which are using pat the port operation. Meanwhile, this research aim to identify the influence of digitalization and sustainability practices on the port competitiveness and not a comparison between cross functional activities. Therefore, same questions for the all respondents can influence for better findings about the Colombo port. Altogether, 192 responses were collected, for a response rate of 76%. All the data were summarized in MS Excel for analysis. The research has used Statistical Package for the Social

Sciences (SPSS) version 25 to analyze the data. The main objectives of the research will be achieved through Regression and Hayes Process Macro analysis. It shows the relationship among digitalization, port competitiveness and sustainability initiatives.

#### 4. Research findings

##### 4.1 Reliability and Validity Analysis

Reliability and validity analyses show the consistency of the variables for the study and to what degree variables are expressed as they are supposed to. It can be stated using the Cronbeach alpha value of each variable, as indicated in Table 4.1.

**Table 4.1:**  
**Cronbach's Alpha for Major Variables**

Cronbach's Alpha	No.of Items
0.854	42

Source: Developed by author

This study used Cronbach's alpha to identify the correctness and internal consistency of the directions of digitalization, sustainability initiatives, and port

competitiveness. Consequently, table 4.1 illustrates the good scale of reliability and internal consistency of the directions of digitalization, sustainability initiatives, and port competitiveness with a value of 0.854.

#### 4.2 Relationship between Digitalization, Sustainability Initiatives and Port Competitiveness

##### 4.2.1 Regression Analysis

Regression analysis was used to examine the three kinds of associations: digitalization and port competitiveness, digitalization and sustainability initiatives, and the relationship between sustainability initiatives and port competitiveness.

According to Table 4.2, the digitalization—automation, connectivity, ICT, safety and security, and environment management—show a statistically significant impact on port competitiveness at a 5% confidence level. Automation, connectivity, ICT, safety and security, and environment management are recorded at 0.182, 0.151, 0.413, 0.412, and 0.277, respectively, which means that keeping all other variables constant, it is expected that for every unit rise in this variable, it will increase port competitiveness by 0.182, 0.151, 0.413, 0.412, and 0.277 units, respectively. Therefore, results support  $H_{1a}$ ,  $H_{1b}$ ,  $H_{1c}$ ,  $H_{1d}$ , and  $H_{1e}$ .

**Table 4.2: Impact of Digitalization on Competitiveness**

Variables	Standardrized Beta	Sig.
Automation	0.182	0.011
Connectivity	0.151	0.037
ICT	0.413	0.000
Safety	0.412	0.000
Environment	0.277	0.000

Source: Developed by author

Table 4.3 illustrates the results of the relationship between digitalization and sustainability initiatives. According to that, digitalization is statistically significant at a 5% confidence level. The values of automation, connectivity, ICT, safety and security, and environment management were recorded at 0.285, 0.174, 0.475, 0.439, and 0.378, respectively, which means that keeping all other variables constant, it is expected that for every unit rise in this variable impact, sustainability initiatives will increase by 0.285, 0.174, 0.475, 0.439, and 0.378 units, respectively. Hence, results support to the  $H_{2a}$ ,  $H_{2b}$ ,  $H_{2c}$ ,  $H_{2d}$  and  $H_{2e}$ .

In accordance with Table 4.4, sustainability initiatives are statistically significant at a 5% confidence level. The coefficient value of sustainability initiatives is 0.491, which means that keeping all other variables constant, it is expected that for every unit rise in this variable impact, port competitiveness will increase by 0.491 units. Therefore, results supports for  $H_{3a}$ .

#### 4.2.2 Process Macro Analysis

SPSS Process Macro assess the mediating role of sustainability initiatives on the relationship between digitalization (automation, connectivity, ICT, security and safety, environment management) and port competitiveness by calculating direct, indirect, and total effects.

The results revealed an indirect effect of automation on port competitiveness ( $b = 0.0772$  ( $0.1412 * 0.5469$ )). That means automation influences port competitiveness through sustainability initiatives. Therefore, researcher could identify that sustainability initiatives have fully mediated the relationship between automation and port competitiveness. Also, this is a complementary mediation due to the same sign of the impact of automation on sustainability initiatives ( $b = 0.1412$ ) and sustainability initiatives on port competitiveness ( $b = 0.5469$ ). Table 4.5 presents the summary of the mediation effect.

Table 4.6 illustrates the indirect effect of connectivity on port competitiveness ( $b = 0.0641$  ( $0.1169 * 0.5485$ )). That means connectivity influences port competitiveness through sustainability initiatives. Hence, sustainability initiatives have fully mediated the relationship between connectivity and port competitiveness. Also, this is a complementary mediation due to the same

sign of the impact of connectivity on sustainability initiatives ( $b = 0.1169$ ) and sustainability initiatives on port competitiveness ( $b = 0.5485$ ).

As per the results of Table 4.7, an indirect effect of ICT on port competitiveness ( $b = 0.1077$  ( $0.2473 * 0.4355$ )) can be identified. That means ICT influences port competitiveness through sustainability initiatives. Further, direct effect of ICT on port competitiveness in the presence of sustainability initiatives is also found to be significant ( $b = 0.1384$ ,  $p < 0.05$ ). Therefore, it is concluded that sustainability initiatives partially mediate the relationship between ICT and port competitiveness. Further, this is complementary mediation due to the same sign of the impact of ICT on sustainability initiatives ( $b = 0.2473$ ) and sustainability initiatives on port competitiveness ( $b = 0.4355$ ).

According to the results of Table 4.8, the indirect effect of safety and security on port competitiveness is 0.0875 ( $0.1990 * 0.4397$ ). That means safety and security influence port competitiveness through sustainability initiatives. Also, direct effect of safety and security on port competitiveness in the presence of sustainability initiatives was also found to be significant ( $b = 0.1259$ ,  $p < 0.05$ ). Therefore, it is concluded that sustainability initiatives partially mediate the relationship between safety and security and port competitiveness. Meanwhile, this is complementary mediation due to the same sign of the impact of safety and security on sustainability initiatives ( $b = 0.1990$ ) and sustainability initiatives on port competitiveness ( $b = 0.4397$ ).

In view of Table 4.9, the study identified the only indirect effect of the environment management system on port competitiveness ( $b = -0.0661$  ( $0.1281 * 0.5158$ )). That means the environment management system influences port competitiveness through sustainability initiatives. But the results do not show the direct effect of the environment management system on port competitiveness in the presence of the mediator sustainability initiatives ( $b = 0.0414$ ,  $p > 0.05$ ). Therefore, research can identify that sustainability



**Table 4.3: Impact of Digitalization on Sustainability Initiatives**

Variables	Standardrized Beta	Sig.
Automation	0.285	0.000
Connectivity	0.174	0.016
ICT	0.475	0.000
Safety	0.439	0.000
Environment	0.378	0.000

Source: Developed by author

**Table 4.4: Association of Sustainability Initiatives and Port Competitiveness**

Variables	Standardrized Beta	Sig.
Sustainability	0.491	0.000

Source: Developed by author

**Table 4.5: Mediation impact of Sustainability Initiatives between Automation and Port Competitiveness**

Relationship	Total effect	Direct effect	Indirect effect	Confidence level		Conclusion
				<i>Lower Bound</i>	<i>Upper Bound</i>	
Automation Sustainability initiatives -> Port competitiveness	0.1033 (0.0115)	0.0261 (0.4870)	0.0772	0.0319	0.1272	Full mediation

Source: Developed by author

**Table 4.6: Mediation Impact of Sustainability Initiatives between Connectivity and Port Competitiveness**

Relationship	Total effect	Direct effect	Indirect effect	Confidence level		Conclusion
				<i>Lower Bound</i>	<i>Upper Bound</i>	
Connectivity Sustainability initiatives -> Port competitiveness	0.1156 (0.0371)	0.0515 (0.2973)	0.0641	0.0119	0.1283	Full mediation

Source: Developed by author

**Table 4.7: Mediation Impact of Sustainability Initiatives between ICT and Port Competitiveness**

Relationship	Total effect	Direct effect	Indirect effect	Confidence level		Conclusion
				<i>Lower Bound</i>	<i>Upper Bound</i>	
ICT -> Sustainability initiatives -> Port competitiveness	0.2461 (0.000)	0.1384 (0.0011)	0.1077	0.0496	0.1785	Partial mediation

Source: Developed by author

**Table 4.8: Mediation Impact of Sustainability Initiatives between Safety and Security and Port Competitiveness**

Relationship	Total effect	Direct effect	Indirect effect	Confidence level		Conclusion
				Lower Bound	Upper Bound	
Safety and security initiatives -> Sustainability initiatives -> Port competitiveness	0.2134 (0.000)	0.1259 (0.0005)	0.0875	0.0393	0.1491	Partial mediation

Source: Developed by author

**Table 4.9: Mediation Impact of Sustainability Initiatives between Environment Management System and Port Competitiveness**

Relationship	Total effect	Direct effect	Indirect effect	Confidence level		Conclusion
				Lower Bound	Upper Bound	
EMS -> Sustainability initiatives -> Port competitiveness	0.1075 (0.0001)	0.0414 (0.1183)	0.0661	0.0307	0.1144	Full mediation

Source: Developed by author

initiatives fully mediate the relationship between environmental management systems and port competitiveness. Also, this is a complementary mediation due to the same sign of the impact of EMS on sustainability initiatives ( $b = 0.1281$ ) and sustainability initiatives on port competitiveness ( $b = 0.5158$ ).

Therefore, the results of the mediating analysis support the hypothesis that sustainability initiatives mediate the relationship between all the directions of digitalization and port competitiveness.

The summary of the hypothesis testing of this study is illustrated in the table 4.10.

## 4.2 Discussion

### 4.2.1 Impact of Digitalization on Port Competitiveness

ICT and safety and security have influenced competitiveness by 41%, with the highest influence factor being the document management system at their office. They have their own computerized document management system, which is the most important direction in ICT. According to Mthembu & Chasomeris (2022), digital platforms exchange and share real-time information among the port community. Mudronja et al. (2022) have stated that a single-window system creates a shorter waiting time through the speed of the loading and unloading

processes and reduces the cost of the entire process by removing the delay. And also Digitalization facilitated efficient supervision of the port area and better identification of the persons, equipment, and treats, which can be further analyzed through ICT (Rodeigue & Notteboom, 2022).

Further findings show the impact of environmental management on port competitiveness at 27%. Especially smart ports ensure lower emissions, pollution, and consumption of energy (Othman et al., 2022). Sankla & Muangpan (2022) also agreed with smart and sustainable port operations, which give many benefits such as improving business sustainability in the port, renewable energy usage. Those indicators provide benefits for all the stakeholders in maritime logistics by achieving environmental objectives and enhance the green competitiveness (Kuang, et al., 2023; Othman et al., 2022). However, Colombo Port is not practicing a considerable digital base waste management system or noise monitoring. But some extend the monitoring and measuring of air quality.

Before implementation of automation, it requires more return on scale, which is expected by terminal operators (Knatz et al., 2022). Amarathunga (2022) has declared through his study of the Colombo port that developing

nations are facing a few challenges for automation. According to the results of the study, only 15% influence the competitiveness of the Colombo port. It revealed that semi- or fully automated yard and quay operations influence port competitiveness.

As per the results, approaches and practices of digital connectivity have been influencing competitiveness at a considerable level. Ambrosino & Xie (2022) have mentioned that TOS (Terminal Operating System) can manage the real-time storage and flow of cargo between the transport nodes. Through better connectivity, PCS can determine competitiveness (Mthembu & Chasomeris, 2022). Relationship between stakeholders (Jovic et al. 2022), integration (Lin & Chang 2022) and hinterland connectivity (Gleser et al., 2023) can enhance the maritime trading resilience through efficient service.

#### **4.2.2 Impact of Sustainable Initiatives on Port Competitiveness**

The impact of sustainability initiatives on port competitiveness has been shown to be considerable level according to findings. Economic, social, and environmental impacts have a high degree of implications for the competitiveness of the Colombo port. Lim et al. (2019) mention efficiency of the port operation, productivity for value creation, better business services and quality, foreign investments, engagement of the stakeholders and their benefits, funding of port development, infrastructure development of the port, volume, gross domestic production, cost of operating, revenue, and efficiency of the cost as major economic factors of the port. Port operation concerns the geopolitical and economic system as a foundation organization, and he connects with all countries with these activities (Cavalli et al., 2021). Such as trading partnerships, trade facilitation, logistics services, economic developments, and digitalization programs. Also, strong relationships among countries influence port competitiveness (Tsantis et al., 2022). New facilities and infrastructure (Jun et al., 2018; Wagner et al., 2022) and multi-terminal collaboration (Jiang et al., 2022) can reduce the cost and enhance port competitiveness (Ambrosino & Xie, 2022).

Sankla & Muangpan (2022) mention community, the safety of workers, and port security as the social aspects of the smart port. It has an impact on boosting the activities of the port, which ensure best practices and create recognition through the implanting of

digitalization tools. According to Othman et al. (2022), Low and related regulations with duties and responsibilities play an important role in ensuring the ship's safety and security and cargo movement within the port. Currently, security issues have taken on another dimension with the rise of piracy activities, criminal activities within the borders of global terrorism, and digitalization.

#### **4.2.3 Impact of Digitalization and Sustainability Initiatives**

Research revealed a significant impact of automation, connectivity, ICT, safety and security, and environmental management on the sustainability of the port of Colombo. In this sense, ICT and safety and security influence are greater than the other directions (47% and 43%, respectively). Automation and environmental management are associated with the sustainability of the port by 28% and 37%, respectively. This association can be identified in the global context. Applications of ICT help for connectivity, collaboration, environment-friendly transportation, and energy-efficient transportation in the freight movement (Jiang et al., 2022). According to Mudronja et al. (2022), it enhances communication and the transfer of information among stakeholders, manages traffic, improves transparency and safety, and reduces business costs. Othman et al. (2022) have declared that digitalization has become a threat to port operations. Such as stolen goods, illegal activities, cyber-attacks, etc. Under this situation, technology has connected the social dimension of the port operation (Heikkilä et al., 2022).

Research revealed a 17% association between connectivity and sustainability. Meanwhile, globally, many studies show this relationship as the meticulous direction in maritime trading. Wahyuni et al. (2019) have mentioned the importance of government intervention through digitization. Government involvement is necessary to make the port sustainable towards digitalization, addressing the gaps between legislation and implementation (Kuo et al., 2022). Also, Clott & Hartman (2022) have mentioned that global institutions, shipping professional organizations, and associations have supported this transformation by providing consultation and funding, and a social network has been initiated for the promotion of sustainability (Vitellaro et al., 2022).

#### 4.2.4 Impact of Digitalization on Port Competitiveness via Mediating Role of Sustainability Initiatives

As the results of Process Macro, sustainability initiatives mediate the link between the digitalization and port competitiveness. The impact of *automation, connectivity, and environmental management on port competitiveness is fully mediated* by sustainability

initiatives as an indirect relationship. That means digitalization impact port competitiveness through sustainability initiatives. Also, the impact of *ICT and safety and security on port competitiveness is partially mediated* by sustainability initiatives. Those have direct and indirect relationships with each other. The positive impact of both approaches on port competitiveness has been controlled and governed by the presence of sustainability initiatives.

**Table 4.10: Summary of Hypothesis Testing Results**

	<b>Hypothesis</b>	<b>Decision</b>
H <sub>1a</sub>	There is a significant impact of automation on competitiveness of the port of Colombo	Accepted
H <sub>1b</sub>	There is a significant impact of connectivity on competitiveness of the port of Colombo	Accepted
H <sub>1c</sub>	There is a significant impact of ICT on competitiveness of the port of Colombo	Accepted
H <sub>1d</sub>	There is a significant impact of safety and security on competitiveness of the port of Colombo	Accepted
H <sub>1e</sub>	There is a significant impact of environment management on competitiveness of the port of Colombo	Accepted
<b>Conclusion: H<sub>1</sub> - There is a significant impact of digitalization on port competitiveness</b>		
H <sub>2a</sub>	There is a significant impact of automation on sustainability initiatives of the port of Colombo	Accepted
H <sub>2b</sub>	There is a significant impact of connectivity on sustainability initiatives of the port of Colombo	Accepted
H <sub>2c</sub>	There is a significant impact of ICT on sustainability initiatives of the port of Colombo	Accepted
H <sub>2d</sub>	There is a significant impact of safety and security on sustainability initiatives of the port of Colombo	Accepted
H <sub>2e</sub>	There is a significant impact of environment management on sustainability initiatives of the port of Colombo	Accepted
<b>Conclusion: H<sub>2</sub> - There is a significant impact of digitalization on sustainable initiatives of the port</b>		
H <sub>3a</sub>	There is a significant impact of sustainability initiatives on competitiveness of the port of Colombo	Accepted
<b>Conclusion: H<sub>3</sub> - There is a significant impact of sustainable initiatives on port competitiveness</b>		
H <sub>4a</sub>	Sustainability initiatives significantly mediate the link between automation and competitiveness of port of Colombo	Accepted
H <sub>4b</sub>	Sustainability initiatives significantly mediate the link between connectivity and competitiveness of the port of Colombo	Accepted
H <sub>4c</sub>	Sustainability initiatives significantly mediate the link between ICT and competitiveness of the port of Colombo	Accepted
H <sub>4d</sub>	Sustainability initiatives significantly mediate the link between safety and security and competitiveness in the port of Colombo	Accepted
H <sub>4e</sub>	Sustainability initiatives significantly mediate the link between EMS and competitiveness of the port of Colombo	Accepted
<b>Conclusion: H<sub>4</sub> - Sustainability initiatives significantly mediate the link between digitalization and port competitiveness</b>		

Economic, social, and environmental sustainability link the digitalization and port competitiveness. Moreover, indirect effects of economic, social, and environmental initiatives can be identified using several studies in the international context. However, a lack of studies has been concerning about the mediating effect of sustainability initiatives on the digitalization and competitiveness of the port of Colombo. Cavalli et al. (2021) have mentioned that most industries in the world have been facing novel and unprecedented challenges. Their operational decisions become more responsible and consider sustainable initiatives. Also Sustainable initiatives are required for the maritime business as an emerging trend in the shipping industry (Jugovic et al., 2022). Increasing trade flows require port development, which drives economic growth. Port authorities need to increase port expansion and infrastructure development while meeting economic, social, and environmental objectives and goals (ESCAP, 2021). That means while reducing environmental negative impact and improving social welfare, ports need to operate with higher economic performance (Sankla & Muangpan, 2022). Sankla & Muangpan (2022) mentioned that the best operation planning gives many benefits, such as improving the business sustainability in the port, the usage of renewable energy, improving the health and safety of the population, managing the environment in the port, reducing emissions, improving the air quality, minimizing greenhouse gases, minimizing water consumption, waste management, electricity consumption, and monitoring and managing the green concepts.

## 5.conclusion and recommendations

### 5.1 Conclusion

With the deep literature survey, the researcher found many scholarly articles related to the concepts of digitalization, port competitiveness, and sustainability that have been researched considering the individual concepts. But there were no studies available to study the impact of digitalization on port competitiveness with the mediating effect of sustainability strategy. This gap has been filled by this study. Considering the conceptual framework and its operationalization, the researcher has developed mainly four hypotheses (H1, H2, H3, and H4), and based on those, 16 hypotheses were developed by the researcher. Accordingly, a

questionnaire was developed and collected data from the educated, professional, and experienced employees of shipping lines, SLPA, SL Custom, and terminal operators. Considering the requirement and validity of the information, data was collected using convenience sampling. Those were analyzed using multiple regression, and Hayes process macro which were used to test the hypothesis of the study.

The study consisted of five objectives (RO1, RO2, RO3, RO4, and RO5) aligned with the five questions (RQ1, RQ2, RQ3, RQ4, and RQ5). The first objective (RO1) was achieved through the comprehensive literature review. RO2, RO3, RO4, and RO5 were achieved through the development of the hypothesis and tested through the findings. For that, regression analysis was used to achieve RO2, RO3, RO4, and the Hayes Process macro was used to achieve RO5.

### 5.2 Recommendations and Implications

Infrastructure development is a pivotal investment for future gains in trading. Firstly, Research show the lack of adaptation automation to the port operation. Also previous studies show the positive impact of automated terminals, yard operations, quayside operations, equipment, and gate systems. Specially automation, as the super-infrastructure requires a huge scale of investment, and it became a challenge due to its low impact on competitiveness. Such as transportation, yard automation, quayside areas, automated guided vehicles (AGV) and automated rail-mounted gantry cranes (ARMG), unmanned automated tractors, runners, cranes ship-to-shore, and equipment. Because only CICT is running with RTG Auto Gantry – Automated Rubber Tired Gantry. Secondly, Research identified lack of consideration for the connectivity through digitization. Therefore, stakeholders in the Colombo port require more attention to enhance digital connectivity among the stakeholders due to their lower influence. Currently, competition among ports has been enhanced by this direction. The study shows the high degree of the internal factors of connectivity: TOS, DGPS integration of stakeholders, container tracking system, and collaboration of maritime institutions. Therefore, it is required to adapt world-developed digital technology to enhance connectivity: tracking facilities, barcodes, global positioning systems, etc. Also, coordination with UNCTAD, IMO, ADB, ESCAP, and other trade-related organizations is required to enhance the smooth functioning of port operations.



Thirdly, management of the information and the establishment of an integrated system for traffic handling for inner and seaside traffic is essential considering the results of the study. One of the latest technologies for that digital twin system It shares all the live pictures and videos of all the port activities. Better monitoring and visualization of the port. Specially it secures port operations from any threats: accidents, activities, vessels, and human-involved risks. It requires safety and security regulations and obligations. Further port can use drone and digital dolphin technology for traffic and threat management, and IoT sensors, AI, and augmented intelligence give weather data. Those build reputations for the port operation and build trust among the stakeholders and investors. Fourth, it requires 5G coverage than the 4G for the total port area for better information sharing and connectivity among trading partners such as telecommunications, software development companies, etc. WiFi, CCTV and Ethernet become outdated considering the facilitation of 5G. This coverage facilitates the usage of computer applications and many software and technologies. Such as block chain, which improves the efficient storage system and freight document and data transfer efficiently, and IoT, which provides facilities for storage and monitoring of the data. Finally, The study shows that the requirement of training facilities about digital practices, including cyber security, can enhance human capital in the supply chain. Therefore, stakeholders in the port of Colombo have to be concerned about capacity building through social development activities and training programs for staff to ensure sustainability.

### 5.3 Limitations and Future Research

#### Directions

This research compiles the few limitations. There are a few models to identify the mediating effect. Such as Amos, Sobel test, regression test, etc. Therefore, the results of the data show different meanings due to the fact that all systems give sensitive information and output. Further data was collected from mainly four groups in the supply chain. However there are many stakeholders are engaging and joining with the maritime logistics. Such as freight forwarders, exporters and importers, end-users etc...port competitiveness is never ending topic under the volatile market condition. New conditions and directions come as trends for influencing the competitiveness. Therefore future research requires

identifying the influence of current technological advancement towards the competitiveness. Further, comparisons of the terminals or regional ports also need to consider due to different outcomes and performances given through their operation. Therefore it is require to compare the operation of the terminals or regional ports in the context of digitalization.. Further research is required to identify the impact of the recommendations and the implications of this research. Such as return on investment from automation and infrastructure developments, etc.

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## **APPENDIX – QUESTIONNAIRE**

### **PART 1 - PERSONAL INFORMATION**

Please put the tick (√)

1. Gender  
Male      Female
  
2. Your Position in your Company? (choose one)  
Non-Executive Grade  
Executive Grade  
Assistant Manager or Manager Grade  
Senior Manager Grade or above  
Other
  
3. What is your level of education? (choose one)  
Diploma  
Bachelor's Degree  
Post-graduate Diploma  
Master's Degree  
Other
  
4. How many years of the experience in the field? (choose one)  
1-5 years  
5-10 years  
10-15 years  
15-20 years  
20 and more
  
5. What is your role in port industry?  
Port Authority  
Terminal operation  
Shipping line  
Port user



## **PART 2 – DIGITILIZATION, SUSTAINABILITY INITIATIVES AND PORT COMPETITIVENESS**

Please put the tick (√) in the relevant box considering followings.

<b>Strongly Agree</b>	-	<b>SAG</b>	<b>Agree</b>	-	<b>AG</b>
<b>Neutral</b>	-	<b>N</b>	<b>Disagree</b>	-	<b>DA</b>
<b>Strongly Disagree</b>	-	<b>SDA</b>			

Sr. no.	Statement	SAG	AG	N	DA	SDA
6.	There are semi-automatic or fully-automatic cranes in the terminal area.					
7.	There are semi-automatic or fully-automatic straddle carriers.					
8.	There are semi-automatic or fully-automatic entrance and exit gates in the port area.					
9.	There is semi-automatic or fully-automatic loading and unloading equipment in the container yard area.					
10.	There are semi-automatic or fully-automatic security systems for fire, accidents, disasters, etc.					
11.	All the activities of terminal operations can be identified and tracked using a computer or mobile application.					
12.	Container movement can be identified using a computer- or mobile-based application.					
13.	Ship movements can be identified through an integrated positioning system.					
14.	Local and global institutions support the use of digitalization to improve.					
15.	There is a computerized document management system for day-to-day port activities.					
16.	There is a facility to exchange information among all the parties using a single computer system.					
17.	There is a high-speed wireless network for activities.					
18.	There is an integrated system to handle vessels traffic.					
19.	Individuals and objectives in the port area can be identified from the office.					
20.	There is a computer-based system to identify and analyze the threats in the port area (climate change, accidents, etc.).					
21.	There is an alarming system for the vehicles, ships, and other accidents in the port area.					
22.	There is a cyber-security system to protect computers and systems from unauthorized access.					
23.	There is a computer-based system for the safe storage of containers.					
24.	Workers have been given the required training about the use of digitization approaches.					
25.	There are efficient port activities.					

26. Port has better geographical connectivity with other ports and producers.
27. There is high security at the port.
28. There is effective trade facilitation.
29. The port of Colombo has a good reputation around the world.
30. There are fair port charges.
31. Ports are more preferable to handle large volumes of containers.
32. There are developed infrastructure facilities (Warehouse, road, and telecommunication).
33. There is hinterland connectivity.
34. There is a trading partnership with other countries and institutions.
35. There is quality and timely cargo handling.
36. Colombo Port is operating as a profit-making business.
37. The Port of Colombo handles a considerable number of containers compared to other ports.
38. There is protection of the land environment.
39. They are using alternative energy (hybrid, EV, solar, etc.).
40. All the waste is collected, stored, and removed according to environmental standards.
41. They are protecting water quality from the waste and drainage of ships and other auxiliaries.
42. There are rules and regulations to adhere to for safety and security.
43. There is a safety management system.
44. There is a disaster management and contingency plan.
45. Workers have a reputation due to their occupation.
46. Workers have training facilities.



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Article

### Business as Usual: A Comparative Rights-based Study for Quality Employment of Migrant Workers and Domestic Workers

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#### ABSTRACT

Labour law reforms are very much at the legislative discourse of the present Sri Lankan context. This paper examines two sectors, namely, migrant workers; the prominent source of foreign remittance and domestic workers; a sector of informal economy which remains unnoticed. Despite being crucial players of Sri Lankan economy, they have been subjected to partial neglect. This study incorporated the Black Letter Methodology and finds that these employees have been systematically discriminated, even in some instances against their own colleagues due to the factor of 'gender'. It is revealed that the Government has failed to provide workable solutions up to date. The author produces amendments and new laws which are justified by analyzing the existing statutory provisions, decided cases, international standards and further supported by selected foreign jurisdictions. The purpose of the research is to suggest practical legal solutions and in addition to highlight the fact that lack of necessary amendments amounts to fundamental rights violations and infringement of human rights. Although the existing knowledge contains several views of the above employment sectors, as per the knowledge of the author they refrain from analyzing the issues incorporating the fundamental rights, human rights and international standards altogether. Thus, the article emphasizes the crucial element of State obligation under international standards.

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## Introduction

Labour law reformation is an ongoing discussion, where the views of public, political, trade union and academic personalities would differ at many instances. The analysis contains two main parts within which four reforms are suggested. As suggestions are supported by a comparative analysis which is separately conducted per reform, the author first refers to the Philippines in terms of the first and third reforms due to its recent developments, its indication of a higher number of migrant domestic workers within the Asian region and because of the progressive laws introduced for domestic workers.

Indian jurisdiction will be examined for the second and fourth reforms, because despite being the largest democratic State of the world with a huge population, Indian has succeeded in allowing its migrant to vote. Thus, Indian is a State which shows progressive legal developments in prevention of harassment at workplaces. Further, Sri Lanka and Indian possess common grounds such as being developing countries, being actors of South Asian political and regional environment and other socio-cultural and legal reasons (for an example both countries refer to similar Penal Codes, except in term of India's recent amendments).

## Limitations

This paper is limited to migrant and domestic workers upon four principal reforms due to the intention of the author to provide extensive analysis per reform highlighting both legal and practical implications. The author analyses only the related and ratified international conventions by SL, because only such conventions are considered as soft law of the State.

## Literature Review

Firstly, in terms of migrant workers, in a Working Paper published by the International Labour Organization, the authors Dias and Jayasundere (2002) categorically states that both private and Governmental initiatives are necessary for protecting and assisting migrant workers, especially to secure them from abuse. The paper further highlights the fact that Sri Lanka does not possess distinguished laws for human trafficking mostly due to less number of reported cases. The paper even suggests voting for migrant workers but restricts the study only for the introductory idea and does not extend the parameters of the paper to analyze in terms of fundamental and

human rights and the possibility of introducing voting for migrant workers based on the existing Sri Lankan Election Laws.

Mendis (2023) in a chapter named 'Social Protection for Migrant Workers: A Legal Perspective' in the book of 'Social Protection for Unskilled Migrant Workers in Sri Lanka' views about migrant workers' rights, social protection and migrant law along with other concerns. The chapter states the contribution of the International Organization for Migration towards the positive impact of migrant workers. Additionally, it refers extensively to international conventions in support of migrant workers. In terms of social and economic perspective the entire compilation highlights the fact that irrespectively the migrant workers' large-scale provision for the annual remittance to SL, that they encounter numerous issues in their host countries. However, the book aims at producing contemporary South Asian studies rather than a country specific Sri Lankan study.

The article written by Wanninayake (2016) under the title 'Sri Lankan Women Migrant Workers and Role of Family and Kinship Networks' examines the female contribution along with the corporation of the kinship network within a family context. By predominantly highlighting the impact factor of female migrant workers, the article with statistics provides that the change of dynamics of migrant workers caused the change of the historical trend where the number of male migrant workers was high. However, from 1990s onwards female migrant workers are increasing and many of them serve as housemaids. Even though the article does not extend its scope to discuss reforms per se, this supports the argument that migrant workers related laws should be amended giving due regard to gender specific issues.

Secondly, the conference paper of Sarveswaran (2012) which is titled as 'Domestic Workers Rights in Sri Lanka- Work Like Any Other, Work Like No Other: Need for a Legislative Intervention' highlights that most of the domestic workers are females and children, so that they have been victims of various types of misconducts. The article analyses the applicability of the existing labour laws to the sector of domestic workers. Although the paper emphasizes the fact that problems of domestic workers extend to be an international concern and suggests that the existing law shall be amended, the author does not provide any specific recommendations as to the way in which the

amendments should be incorporated.

Defining what is domestic work the researcher Esufally (2015) commences the report titled 'Sri Lankan Domestic Workers: An Analysis of the Legal and Policy Framework'. The report analyses selected aspects of domestic workers including but not limited to payment of wages, hours of work, personal security, and dispute resolution. By analyzing the Sri Lankan law of selected aspects in connection with international conventions, the report is aimed at proposing reforms and recommendations.

In the article 'Just Like One of the Family: Domestic Violence Paradigms and Combating On-The-Job Violence Against Household Workers in the United States' written by Graunke (2002) published in Michigan Journal of Gender & Law draws readers' attention extensively from colonization to the modern world. The discussion has been developed to express the circumstances of female domestic workers with intersecting realities such as race, gender, poverty, and immigration status, where the author explains the experience of coloured women and the extent of abused encountered by female domestic workers. The article differentiates the status of domestic workers as per the societal changes. Although this article does not specifically focus on a Sri Lankan study, it allows the reader to understand the influence of surrounding and/or intersecting factors towards the employment of the domestic workers, especially female domestic workers.

### **Research Gap**

As per the above literature review, it is apparent that even though knowledge is available on the topics of this relevant areas of law, namely, migrant workers and domestic workers, such researchers omit to extensively integrate the elements of fundamental and human rights to the analyses. Therefore, reforms or suggestions have not been justified or analyzed adequately in a right-based approach. If one expresses interest in adopting a right-based review, then fundamental rights of a State should be considered at its core. Further, the author suggests that it is essential to interpret the reforms in connection with fundamental rights, because it will place the rights of workers subject to constitutional recognition, then the Government bodies can be found liable and accountable for failures to protect, respect and ensure the rights of migrant and domestic workers.

### **Research Problem**

Migrant workers and domestic workers seem to be neglected or rather paid less attention within the Labour law reforming discussions, regardless of their pivotal roles in Sri Lankan economy. These employees have been systematically discriminated even being victims of infringements of fundamental rights and human rights. Despite their traumatizing experiences, the Government has failed to provide effective legal solutions to ensure and uphold their rights.

### **Research Objectives**

The prominent objectives of this research are to identify discriminatory situations encountered by migrant and domestic workers and to provide practical legal solutions based on a right-based approach. Additionally, it is intended to conduct a comparative analysis in reference to the selected jurisdictions.

### **Research Methodology**

This research has utilized Doctrinal Research Methodology (also known as Black Letter Methodology) to analyze the identified research gap and deliver the findings which are the recommendations for law reforms. Relevant Sri Lankan laws and international conventions have been analyzed as the primary sources, whereas the author identifies research papers, articles and textbooks as relevant secondary sources. Further, the author has accessed official websites of relevant authorities and other available online materials as tertiary sources under Black Letter Methodology. It is understood that Black Letter Methodology is the most suitable methodology to be utilized in this legal analysis, because it allows the author to conduct desk-based research which involves the collection and examination of legal documents for critically analyzing the information that are available in primary, secondary and tertiary sources.

### **The Discussion**

#### *Part 1 - Migrant Domestic Workers*

As per the Flow of Foreign Remittances to Sri Lanka 2015-2022 according to Workers' Remittances Statistics appears on the official website of the Central Bank of Sri Lanka, the total flow of foreign remittance to Sri Lanka in 2022 is 3789.40 million in United States Dollars which is one of the prominent earnings of the economy of SL.

Even though Sri Lanka has taken progressive measures to curb violations and illegal practices in the sector, daily issues encountered by foreign employees during various stages of employment demand sound reforms.



Padmakanthi (2023) states in her chapter 'Social Protection for Migrant Workers: The Case of Sri Lanka' of the book 'Social Protection for Unskilled Migrant Workers in Sri Lanka' that current labour laws are not applicable to migrant workers. Therefore, the Sri Lanka Bureau of Foreign Employment Act, No.21 of 1985, as amended by Act, No.4 of 1994 (hereinafter referred to as SLBFE Act) is the only existing legislation which touches upon every type of migrant worker.

The Sri Lanka Bureau of Foreign Employment (hereinafter referred to as the Bureau) which is involved in migrant worker registrations, recruiting agent approvals, and pre-departure training for migrant workers is a semi-government institution to control and guarantee the conditions such as dignity and security for foreign Sri Lankan employees. This was established under SLBFE Act, which is prominently dedicated to the mandate, powers, and functions of the Bureau. In addition, the Sri Lanka Foreign Employment Agency operates as the Government's recruitment agency and the Association of Licensed Foreign Employment Agencies to oversee the discipline of every stakeholder to promote ethical practices.

Section 15 of SLBFE Act outlines the objectives of the Bureau which are promptly connected to important concerns such as the status of workers, women domestic workers and provisions for formulating standards for and negotiating employment contracts (Dias & Jayasundere, 2002). This further extends to scrutinizing the credibility of documents provided to recruited Sri Lankan employees who are prepared to be departed overseas for work. To make certain that the employee is totally conscious of the terms and circumstances of the service, Section 40 states descriptive measures for the contracts between employees and overseas employers (Dias & Jayasundere, 2002).

According to Section 24(1), 'a person other than the Bureau is prohibited from the business of a foreign employment agency unless he is a license holder under SLBFE Act'. Additionally, a formal written approval must be obtained before publishing foreign employment opportunities under Section 37(1) of the same Act. The failure of licensed agencies to provide employees with valid contracts and provide the Bureau with required information amount to penal

liability (Dias & Jayasundere, 2002).

Regardless the fact that Sri Lanka has taken and in the process of taking precautions to guarantee the safety of Sri Lanka migrant workers, it is a known fact that despite all the legislative safeguards, migrant workers remain susceptible in a variety of situations, such as being exploited by private recruitment agencies, by becoming the targets of forging documentation businesses, or by being misdirected to circumvent the law. For example, when referring to SLBFE Act, its legitimate autonomy to avert illegitimate export of workers was questioned, because the situations where prosecution must be initiated under Section 62(2) are subject to the approval of the Secretary to the Minister under Section 62(3) (Dias & Jayasundere, 2002).

*1.1. Recommendation - Establish and legalize monitoring and advocating mechanisms by reforming the existing SLBFE Act.*

Migrant workers are exploited by private recruitment agencies' misconduct and due to the absence of regulatory mechanisms for local agents of recruiting agencies (also known as sub-agents). As per the National Labour Migration Policy for Sri Lanka which is done by the Ministry for Foreign Employment Promotion and Welfare (2018), the Bureau, for instance, is unable to hold unlicensed sub-agents responsible. It is crucial to implement a monitoring-advocating mechanism to mitigate such malpractices, because the State has the ultimate responsibility of protecting the workers and ensuring the quality of their employment.

The Code of Ethical Conduct for Licensed Foreign Agencies/Licensees 2013 standardizes the operations of recruitment agents and empowers the Association of Licensed Foreign Employment Agencies to issue warnings and recommend suspensions. This code can be presented as a tool for monitoring the operation of private recruitment agencies. Nevertheless, there are numerous agencies which are not members of the Association, where it is ambiguous as to the application of this ethical code.

On the other hand, although the ethical code is applied to registered agencies, it provides remedies not precautions. It is the same approach (remedial approach) as the SLBFE Act which also initiates actions against the cases of malpractices after it has happened. In such a case, though the agency's further operations shall cease, the victims may remain with or

without being adequately compensated for the losses they incurred. For example, if workers face life-threatening circumstances, as the famous case of Rizana (she died as a result of being victimized by malpractice during the recruitment process, where her documents were forged as to her age by her recruiter) no compensation can compensate for their loss of lives, abilities to themselves, and families.

Therefore, the manner and the way of conduct of the recruitment agencies in the pre-departure stages of migrant workers must be scrutinized by a monitoring panel before the workers are sent abroad. To verify that the correct procedures are followed in practice, the monitoring panel ought to call multiple reports and evidence while also having random visiting inspections at the agencies with the support of assigned representatives.

This may further discourage licensed agencies from approaching sub-agents to bypass the law. Further, as anyone values personal safety and the credibility of employment, prospective foreign employees would always think twice before depending on unlicensed agents to fulfil their desires. Then sub-agents may eventually lose their role and the registered agencies will be required to uphold ethical and legal standards.

As an advancement of this regulatory framework, a Foreign Advocacy Panel per country (host country) should be established to focus on migrant workers' issues, including the prospects. Priority of establishing advocacy panels should be given for the countries where the greatest number of Sri Lankan migrant workers are in employment. These advocacy panels must serve as home country-host country free legal clinics.

In terms of the home country (SL), a Domestic Advocacy Panel should be institutionalized by incorporating through legislative enactment and sub committees are required to be established regionally. Both regional sub committees and the principal domestic advocacy panel should be empowered by the SLBFE Act to act independently in the course of securing the best interest of the workers and to provide legal consultations. Further, the domestic advocacy panel requires to perform Alternative Dispute Resolution Mechanisms in reference to disputes where migrant workers are involved, if such subject matter comes under the purview of powers and/or duties of the panel and/or sub committees as will be specified by SLBFE Act.

The suggested Foreign Advisory Panel must be strengthened and extended to establish sub committees covering selected localities where a major number of Sri Lankan migrant workers reside. The embassy and/or the Sri Lankan Government representatives of the host country in collaboration with the Bureau are required to take the initiative to institutionalize these bodies for the support of Sri Lankans abroad. In this regard, the best example is the Philippines.

Migrant Workers and Overseas Filipinos Act 1995 (hereinafter referred to as Filipino Act 1995) in its Section 24 stipulates the position of Legal Assistant for Migrant Workers Affairs primarily responsible for overall coordination of all legal assistance services to be provided to both Filipino migrant workers and overseas Filipinos in distress. Importantly, the said Legal Assistant must prove legal competence with a minimum of ten years of experience as a legal practitioner and must not have been a candidate for an elective office in the last local or national elections (Filipino Act 1995, s. 4). This requirement aims at excluding political influence.

Further, it is a primitive necessity that a communicating mechanism should be implemented between these advisory panels and the embassies. The embassies of respective States are required to appoint a distinct officer to handle enquiries that would receive from these overseas panels.

It is also advisable that SLBFE Act must empower Local and Foreign Advisory Panels to address gender-responsive aspects, for example, protection from sexual and other forms of harassment in employment contracts, a point which is lacking to date. The example demonstrated by the Filipinos Act states that the State by recognizing the contribution of overseas migrant women workers and their vulnerabilities, shall apply gender-sensitive criteria in the formulation and implementation of policies and programmes (Filipino Act 1995, s. (2)(d)).

Nevertheless, the Sri Lankan Government may require limiting host country free consultation only for the workers who have registered with the Bureau due to the potential difficulties that may arise in practical implementation. This approach will influence the potential migrant workers to get themselves adhered to the compulsory registration with the Bureau and to follow the proper channel of migration rather than bypassing the law through sub-agents or illegal tricks. Then they are aware that adherence to regulations shall benefit them overseas with free of charge legal

consultation. Thus, the Sri Lankan Government can monitor the labour outflow more accurately.

Secondly, in instituting free legal clinics the Government can be guided by the United Nations International Covenant on Economic, Social and Cultural Rights (1966) (hereinafter referred to as ICESCR) where under Article 2.2.1 provides that State parties individually and through international co-operation shall work towards the maximum of its available resources to ensure economic well-being while adopting legislative measures.

According to the Private Employment Agencies Convention (1997) 'worker' includes jobseekers of all categories except seafarers and the term 'private employment agencies' includes foreign agencies. Notably, the convention prohibits private employment agencies from receiving any direct or indirect payment from workers. To secure the interests of the workers, Article 8 imposes an obligation on the States to take measures within and outside its jurisdiction in agreement with other States to prevent fraudulent practices in recruitment, placement, and employment.

The Universal Declaration of Human Rights (1948) (hereinafter referred to as UDHR) directly supports the implementation of this reform as it expresses that everyone has right to work, right to leave any country and return to his/her own and everyone is equal before the law. Sri Lanka has a State obligation under the Universal Declaration of Human Rights (hereinafter referred to as UDHR) to assure that protection is ensured to all migrant workers within or outside Sri Lanka of that moment.

It is also stated that as the wording of Article 14(1)(g), 'freedom to engage by himself or in association with others' affirms a fundamental right to Sri Lankan citizen not only to be involved in such an employment, but also to form associations in exercising that right. Therefore, even migrant workers can form their own association and demand proper governmental assistance which reaches to the grassroots level through the process of their migrant employment (Wickramaratne, 2017).

Moreover, the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990) (hereinafter referred to as Migrant Workers' Convention) under Article 65(1) imposes State obligation to ensure that responsible authorities are in place to disseminate

information and educate potential migrant workers, migrant workers and their families.

### *1.2. Recommendation - Ensure the right to vote for the foreign migrant workers.*

It is important to reform Sri Lankan laws relating to the area of Election parallel to SLBFE Act to enable the migrant workers to exercise their franchise. Even the National Labour Migration Policy for Sri Lanka developed in support of International Labour Organization recognizes the right of migrant workers to participate in the democratic decision-making processes of Sri Lanka (Ministry for Foreign Employment Promotion and Welfare, 2008). However, under the prevailing legal structure migrant workers cannot exercise their voting rights while they are employed overseas. An example would be India. The Representation of the People (Amendment) Act, No.36 of 2010 (this Amendment was inserted to the principal enactment Representation of the People Act 1950) of India allows a Non-Resident Indians to cast his/her vote by satisfying the required conditions.

Section 20A of the Representation of the People (Amendment) Act, No.36 of 2010 (hereinafter referred to as People Act 2010) provides that 'notwithstanding anything contained in this Act, every citizen of India who has not acquired the citizenship of another country (s. 20A(1)(a)) and who is absenting from his place of ordinary residence whether temporary or otherwise shall be entitled to be registered as a voter in the constituency in which his place of residence in India as mentioned in his passport (s. 20A(1)(b))'. Thus, every person registered as above shall be allowed to exercise his/her franchise for elections (s. 20A(3)).

India has successfully implemented this amendment as many countries have provided Non-Resident Indians with the opportunity of casting votes. For example, Singapore High Commissioner of India has published an official notice in their website regarding casting vote for Indian elections instructing the voters to be physically present in the polling station with original passport on the election day.

Although it may be argued that this is not a reform that requires additional attention, the author interestingly points out the grassroots truth is that Sri Lankan politicians are keen to address the challenges that their voters face when trying to secure seats in the Parliament. If Sri Lankan migrant workers are permitted to vote, their vote base and the votes of their families shall have a considerable impact on the election results. Hence, this will encourage migrant

workers to stand up for their needs and expectations which will be acknowledged by legislators and/or potential candidates.

Sri Lankan Government has the discretion to decide whether the voting is only for Parliamentary elections and Presidential elections or whether it should be extended to Local Authorities Elections. Since migrant workers are now unable to exercise their right to vote, lawmakers will become more concerned about the topic only if an unfortunate event has happened to a worker. When compared to other pressing issues like domestic abuse and child labour, migrant workers are marginalized back benches in terms of receiving adequate attention for issues relating to their employment.

This safeguards their fundamental rights as Sri Lankan citizens, guaranteed under Article 3 read with Article 83 of the Constitution even when they are abroad. This offers them a forum to be heard and influence policy-level decision-making. Similarly, Section 6(1) of International Covenant on Civil and Political Rights Act, No.56 of 2007 and the UDHR in its Article 21(1) provide that 'every citizen shall have the right and the opportunity to take part in the conduct of public affairs, either directly or through any representative' (the UDHR adds further as 'freely chosen representatives').

It is noteworthy that under women's rights the Convention on the Elimination of All Forms of Discrimination against Women (1979) (hereinafter referred to as CEDAW) in its Article 7 imposes the duty upon the State to take measures to eliminate any type of discrimination allowing the women to vote and to be voted.

India being a developing country and having the second-largest population has extended Indian citizens' voting rights. Thus, Sri Lanka can also initiate voting outside Sri Lanka by way of an Election (Special Provisions) Act while incorporating legislative measures to labour laws in parallel. For example, the Parliament adopted the Election (Special Provisions) Act, No.28 of 2011 for facilitating voters who are subject to disabilities to be accompanied by a person when voting. According to Election (Special Provisions) Act, No.14 of 2004 Sri Lankan migrant workers can use their passports in casting votes, because it is a 'valid identity document'. Thus, Sri Lankan Government can decide on the mode of voting whether it should be in-person, postal or any other.

In terms of voting the United Nations International Covenant on Civil and Political Rights (1966) (hereinafter referred to as ICCPR) in its Article 19(2) states that with right to freedom of expression, everyone shall have the right to receive information regardless of frontiers. This is important because voting requires dissemination of credible information. Importantly, Article 25 stipulates that every citizen shall have the right and the opportunity to vote without unreasonable restrictions.

The world is moving towards technologically advanced era, therefore the reason that the voters are not physically presented in polling booths will no longer be a justification and will amount to an unreasonable restriction which deprives Sri Lankan migrant workers from voting.

The Migrant Workers' Convention in its Article 41 states that migrant workers shall have right to participate in public affairs of their State of origin and to vote and according to Article 41(2) the State is required to facilitate the opportunity according to their legislations. Sri Lanka has ratified the above convention and as a State there is an obligation to safeguard Sri Lankan migrant workers' right to exercise franchise.

#### *Part 2 – Domestic Workers in Sri Lanka*

Other than the two pre-independence laws, the Registration of Domestic Servants Ordinance, No.28 of 1871 (amended in 1936) and the Chauffeur Regulation Ordinance, No.23 of 1912 which are now deemed to be outdated due to the drastic shifts of socio-economic conditions. Hence, domestic workers' contribution to the labour force has never been legally acknowledged. As provided below, in the unregulated economy, domestic labour continues to be practically unnoticed. Firstly, Employment of Women, Young Persons, and Children Act, No.47 of 1956 regulates instances for example dangerous occupations, children in entertainment, and hazardous occupations. Since domestic workers are not mentioned specifically, they cannot be covered by its application.

Secondly, domestic workers are included in the Industrial Disputes Act, No.43 of 1950 according to definitions of 'workman', 'industry', and 'industrial dispute'. The above Act under Section 48 stipulates that compensation, rather than reinstatement, is the appropriate remedy for wrongful termination of such employment. Further, as to the dispute arose whether a domestic worker could make an application to a labour



tribunal to recover balance or arrears of wages was answered affirmatively in both *Sirisena v Samson Silva* (1972) and *Wijedeera v Babyhamy* (1973) provided that the award is a just and equitable order by a Labour Tribunal.

As per literal interpretation of terms ‘workman’, ‘trade union’ and ‘trade dispute’ of Trade Union Ordinance, No.14 of 1935 noting expressly excludes domestic workers. Though the Industrial Disputes Act extends trade union rights of the workmen to domestic workers, ‘*as domestic workers are generally illiterate, simply employed at households and neglected by the society, trade union rights cannot be realistically exercised by them*’ (Sarveswaran, 2012).

Thirdly, ‘trade’, ‘trade or businesses’ under Wages Boards Ordinance, No.27 of 1941, Workmen Compensation Ordinance, No.19 of 1934, Maternity Benefits Ordinance, No.32 of 1939 and Factories Ordinance, No.45 of 1942 do not incorporate domestic service. As domestic workers are not considered as workers within shops and offices, Shop and Office Employees (Regulation of Employment and Remuneration) Act, No.15 of 1954 is also inapplicable (Sarveswaran, 2012).

Finally, there is no distinct law to prevent sexual harassment at the workplace. Thus, the application of Section 345 of the Penal Code is possible, but it offers only remedies not precautions.

Therefore, as per the evaluated labour laws, no legal instrument ensures inter alia social security scheme, working hours, safety, and health. The extent to which it is legally recognized is also disseminated among a few legislations.

The Sri Lankan Constitution in Article 14(1) recognizes the right of all citizens inter alia to engage in any lawful occupation. This constitutional protection covers domestic workers by affording the same constitutional recognition that has been given to other lawful economic activities. However, the lack of legislative reforms to address domestic workers' issues has undermined their ability to benefit from the fundamental rights to the fullest (Abeysekara, 2010).

### 2.1. Recommendation - Introduce laws for personal safety and security of female domestic workers.

This reform focuses on females, due to the practical reality that the female houseworkers face more abusive instances than males and because of the

detrimental social medical consequences that a female houseworker would face in comparison to her male counterpart.

Since there is no separate legislation to address harassment for female domestic workers, Penal Code provisions relating to offences affecting the body and life under Chapter XVI shall be applicable for the cases of physical violence/harassment relating to domestic workers.

Notably, such framework has been legalized under the Prevention of Domestic Violence Act, No.34 of 2005. It is stated that domestic workers face similar circumstances in violence, and the necessity is to introduce/extend the mechanism to female domestic workers (Esufally, 2015). Further, Graunke (2002) also emphasizes that there are several commonalities between domestic violence and violence against domestic workers in terms of the forms of abuse and exploitation such as employer's utilization of employee's dependency, and the sense of isolation to exercise power and control.

Secondly, unlike in the major focus of criminal matters under the Penal Code, which is imprisonment as a legalized form of retribution, it is more suitable in these matters to award compulsory compensation for the worker upon adjudication.

Though the option of criminal proceeding must also be ensured, compulsory compensation is suggested because, when it comes to many cases related to female domestic workers, many of them are above the legal age of consent. Thus, according to Sri Lankan criminal law consensual sexual relationship with the master, unless it is a mere submission, does not fall within the purview of rape or sexual harassment. On the other hand, due to the absolute imbalance of power, it is difficult to neatly draw a fine line between submission and consent. In some cases, the initial submission may lead to subsequent consent. Further, as they are intended to earn, compensation in civil cases is much preferred than criminal cases. Therefore, such female workers tend to recourse to civil actions in situations where they are treated as mistress or where the master refuses to financially assist and/or accept the child born into such extra-marital union. In *Dharmadasa v Gunawathy* (1957) the paternity of illegitimate child was the subject-matter and the court allowed the appeal from the master to be exempted from paying Maintenance ‘with some reluctance’.



In *Warawita v Jane Nona* (1954) Justice Sansoni dismissed an appeal against an order to pay maintenance by the master (defendant) for illegitimate children born to the domestic servant who had worked for the defendant and his family. Further, in *Wijedeera v Babyhamy* (1973) where the defendant refused to pay the salary, the court held that the applicant was a 'workman' within the meaning of the Industrial Disputes Act and the fact that she was a mistress could not prevent her from claiming relief as an employee.

When enacting labour laws related to this subject-matter, it is crucial to adopt a gender sensitive and subjective approach as per the circumstances of each case. For example, in *Roshana Michael v Saleh, OIC (Crimes), Police Station, Narahenpita and Others* (2002) (a fundamental rights case) the vulnerability of a domestic servant even within the law enforcing authorities is apparent, where the servant was assaulted by the police in the presence of her master. Similarly, in *Karunanayake v Karunasiri Perera* (1986) respondent had told the female servant not to tell his wife or anyone about the pregnancy and that they would look after her if any trouble arose. In both situations, the matrix of power has affected the victims in two different dimensions. Additionally, the above Saleh case is an explicit example that abuses, and ill-treatments are encountered by employees within the surrounding circumstances of their employment has a clear probability of amounting to fundamental rights infringements.

Therefore, as mentioned in above, it is essential to introduce labour laws for personal safety and security of female domestic workers while also incorporating gender-sensitive and semi-criminal framework in adjudicating matters. Hence, the employers found guilty against domestic workers can be prohibited from employing future domestic workers (Esufally, 2015).

Thus, India provides a commendable example. Though it is worded as 'Sexual Harassment of Women at Workplace', there is no doubt that Sri Lanka can alter the phase and reform labour laws as 'Harassment of Women at Workplace' where sexual aspects are also ingrained. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 (hereinafter referred to as the Sexual Harassment Prevention Act) defines 'domestic worker' as a woman who is employed to

do any household work for remuneration... either directly or through any agency on any time basis (which includes temporary, permanent, part time or full-time basis), but does according to Section 2 it does not include any member of the family of the employer and 'workplace' includes a dwelling place or a house.

Further, according to the 'Handbook on Sexual Harassment of Women at Workplace' (2015) published by the Ministry of Women and Child Development, India the Sexual Harassment Prevention Act introduces two-tier complaints mechanisms, namely, Internal Complaints and Local Complaints Committees where 50% of female representation is required. According to Section 4(1) of the Sexual Harassment Prevention Act every employer of a workplace shall constitute an Internal Complaints Committee whereas per the Section 4(2) the Presiding Officer shall be a senior level female employee.

Interestingly, the Act under its Section 14 punishes for false/malicious complaint and false evidence indicating that these measures are not for unjust advancement and Section 15 states that mental trauma, pain, suffering and emotional distress, loss in the career opportunity and medical expenses of the victim should be taken into consideration along with financial status of the respondent when determining the compensation to be paid. Thus, Section 16 of the same Act prohibits the publication of details except for disseminating regarding the justice secured to any victim without disclosing private and details of the victim and witnesses.

Sri Lanka must also initiate labour law reforms to legally recognize the need of a proper legal protection to uplift the status of female domestic workers. As stated in the above-mentioned handbook, the first step to prevention of violence against working women is recognizing such violence.

In terms of the international instruments, firstly, the CEDAW under Article 11(f) prominently guides towards women empowerment requires the States to adopt all appropriate measures to eliminate discrimination against women in the field of employment while specifically advocating for right to protection of health and to safety in working conditions. Thus, Article 14(1) the convention requires to pay a special attention in issues concerning rural women in the non-monetized sectors of the economy. Thus, ICESCR also advocates for just, favorable, safe, and healthy working conditions.

Declaration on the Elimination of Violence against Women (1993) and UDHR respectively provides women to enjoy all the human rights along with the economic freedom. Thus, sexual harassment and abuse encounter by female domestic workers is identified as gender-based violence against women. One may propose an argument under fundamental rights Article 11 that sexual and other forms of harassment for women is an infringement of their right to be free from inhuman or degrading treatment whereas ICCPR reiterates that everyone enjoys right to personal security and dignity should be respected (Abeysekara & Samarasinghe, 2019).

## 2.2. Relationship - Ensure social security/insurance schemes for domestic workers.

When considering the social security schemes according to the Sections Section 5 and 7 of the Payment of Gratuity Act, No.12 of 1983, has expressly omitted the privilege to domestic workers as the Minister by way of Orders published in Gazettes have excluded domestic workers and/or domestic service from the application of Employees' Provident Fund Act, No.15 of 1958 and Employees' Trust Fund Act, No.46 of 1980. As Sarveswaran (2012) stated in his conference paper 'it is possible for them to claim gratuity from a labour tribunal after termination of their services as they are covered by the Industrial Disputes Act'.

However, numerous practical instances have warned domestic workers to be economically protected by labour laws. Covid 19 provides the best justification to this argument as its socio-economic effects have been especially severe for domestic workers. Domestic workers were compelled to stay home due to health regulations and it resulted in losing their employment and earnings. Those who remain employed were usually at a higher risk of contracting the virus, exposing not only themselves but also their loved ones.

As stated in the legal analysis, since these workers are not protected by any national labour legislation their own sicknesses, financial and health issues of the country may easily deprive them of occupation. For example, as the Maternity Benefits Ordinance does not safeguard the employment, a female domestic employer may be terminated from her job due to her pregnancy.

It is undoubtedly essential to include domestic workers at least to the minimum level of social security/insurance despite all kinds of barriers that

the Sri Lankan Government would encounter, because deprivation of lawful income is a motive to earn unlawfully. For example, once news reported that a father (fisherman and during the kerosene shortage) who caught stealing a milk powder packet had confessed that he could not bear the cries of his children anymore. Thus, by constantly ignoring the vulnerability of domestic workers, the Government should not promote crimes indirectly.

Providing domestic workers with sufficient social security/insurance is a human right as well as a necessary element of decent work (International Social Security Association, 2021) and countries are eliminating administrative, financial and legal barriers to benefit domestic workers either by amending or introducing legal mechanisms.

The Philippines is prominent among these nations, because according to the International Labour Organization the domestic enactment adopted by the Philippines in 2013 is regarded as a pioneering labour and social legislation that legally safeguards an estimated 1.9 million domestic workers (ILO Country Office for the Philippines, 2013).

The Domestic Workers Convention (2011) which Sri Lanka has not yet ratified, had served as the model for the Philippines' law.

The Philippines law under the Act Instituting Policies for the Protection and Welfare of Domestic Workers 2013 (hereinafter referred to as the Republic Act 10361), Section 2(d) requires the State to follow international conditions of workers and standards for Filipino domestic workers towards inter alia decent employment, income and enhanced coverage of social protection.

According to Section 30 of the Republic Act 10361 a domestic worker who has worked for at least one month is covered by the Social Security System, the Philippine Health Insurance Corporation, and the Home Development Mutual Fund with all benefits provided by law.

Then the security mechanism stipulates that the employer is responsible for making premium payments or contributions. However, the same Act under Section 30 stipulates that if the domestic worker receives a salary of Pesos 5,000 or more per month, he/she is required to pay the appropriate share of premium payments or contributions as per the legislation. Further, Section 40 makes any violation of the provisions of this Act punishable with a fine and the

aggrieved party has the option of filing an appropriate civil or criminal action.

This is a similar structure to the systems of Employees' Provident Fund and Employees' Trust Fund of SL. Therefore, Sri Lanka can also develop such a social security/insurance scheme by extending the existing Acts or newly incorporating labour legislation.

However, prior to implementation of the scheme, it is essential that the domestic workers get themselves registered with a system where the Government can investigate the database. The suggestion can be made to implement a registration procedure for domestic workers with the Grama Niladari or online where the burden lies with the employer to register his/her workers.

Thus, ICESCR in its Article 9 also emphasizes that States shall acknowledge the right of everyone to social security, which then definitely includes the labour force.

Primarily as Article 12(1) of the Sri Lankan Constitution (fundamental rights) all persons are equal before the law and shall be equally protected. One may argue that Gazettes ruling out few sectors including domestic workers from social security benefits amounts to infringement of fundamental rights.

The UDHR under Article 22 states that every person of a society has the right to social security whereas economic rights are considered as indispensable for one's dignity and the free development of personality. Thus, both national and international co-operation is encouraged. The CEDAW requires the States to ensure that females are not discriminated in terms of employment which as per the Article 11(1)(e) includes the right to social security. Moreover, as per Article 14 of the Migrant Workers' Convention, equal treatment inclusive of social security is required to be protected as a duty of the State.

It is essential that, all the labour law reforms relating to domestic workers security/insurance schemes be compulsory to be adhered, because it is indicated that voluntary schemes are unsuccessful in getting attention of informal sector such as domestic workers (International Social Security Association, 2021). In contrary, it legally compels the employers to value the legal and ethical framework of employer-employee relationship.

## Conclusion

As per the illustrations drawn from foreign jurisdictions, the world trend moves towards recognizing rights of employees beyond boundaries. To ensure quality employment and safeguard the rights of employees the author suggests that the Sri Lankan Government should incorporate the recommendations effectively, as the Government is vested with the authority to take the initiative. Thus, Sri Lanka is bound to act as per the ratified conventions under international standards.

In terms of fundamental rights, although one may argue that the enforceability of fundamental rights is restricted as Article 17 reads with Article 126 of the Constitution, the author argues that irrespective the probability of claiming a successful remedy upon infringement, the State is inherently under a constitutional obligation to ensure the protection of fundamental rights for the above selected sectors, because they are fundamental or the basics of a quality life and employment.

## Future Research

Future researchers can examine either other key sectors of employment by utilizing the comparative right-based approach or propose advanced reforms for the same sectors. Moreover, research can be conducted by analyzing other prevailing conventions which are not ratified, but relevant to the subject-matter.

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### Article

## The Impact of Digital Marketing Strategies on Consumer Repurchase Intention in the Food and Beverage Industry: A Study in Colombo District, Sri Lanka

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### ABSTRACT

The food and beverage industry is considered as one of the most essential industries in Sri Lanka. As a result, marketers need to be aware of consumer behavior and should carefully select the best marketing and promotional strategies. The main purpose of this study is to identify the effect of digital marketing tools on consumer repurchasing intention in the Colombo District of Sri Lanka. This study employed a quantitative design and the convenience sampling technique was used to collect data. 400 UGC-registered university students who are living in the Colombo District have been taken as the sample. According to the findings of the study, social media marketing and conversational marketing have a great impact on consumer repurchasing intention, and the impact of social media marketing is large to some extent, while through email marketing, a significant impact is made on consumer repurchasing intention. The findings identified implications for the management level of the institutions as well as for the policymakers of the country as a whole. However, it is important to note that, although much research has focused on the impact of digital marketing on consumer purchase intention, less attention has been given on the impact of digital marketing on consumer repurchase intention, specifically in Sri Lanka. Therefore, understanding how digital marketing impacts consumer repurchase intention will ultimately synthesize solutions and revolutionize marketing initiatives of organizations specifically in Sri Lanka.

## Introduction

At present, competitive organizations are engaged in sharp competition by using various digital marketing strategies. Marketing includes a broad range of tactics and methods intended to raise awareness, pique interest, arouse desire, and eventually persuade people to buy or adopt the products or services being pushed. Therefore, marketing can be defined as the collection of procedures and actions used to market, advertise, and sell goods, services, or concepts to specific target markets. Therefore, building relationships with clients, effectively communicating value, and encouraging lucrative customer behavior are the three main objectives of marketing (Graham et al., 1990). As a result, with rapidly changing consumer routines and tastes, to give exactly what clients desire, marketers must comprehend their nerves and understand how consumers feel. As a result, businesses strive to draw customers by selecting the best marketing and promotion strategies. Furthermore, it is identified that trust and satisfaction on online platforms are often influenced by digital marketing strategies, which creates a significant positive effect on consumer repurchase intention in e-commerce settings as well (Sánchez-Prieto et al., 2023).

Consumer repurchase intention refers to the likelihood of a customer purchasing the same product or service from the same provider in the future, which often reflects consumer loyalty and their willingness to continue a relationship with the provider (Hellier et al., 2003). It is identified that aspects such as trust, satisfaction, and service quality play a pivotal role in influencing consumer repurchase intention. As an example, satisfaction derived from positive consumer experiences strongly correlates with repeat purchase behavior, which highlights the central role in the consumer decision-making process (Wijaya et al., 2023). Repurchase intention is vital for fostering customer loyalty and increasing lifetime customer value. Loyal customers often exhibit higher profitability by making repeated purchases, which leads to stable revenue streams for organizations. Furthermore, it is identified that retaining existing customers is generally considered to be more cost-effective than the acquisition of new ones, since it impacts significantly to the organization's profitability (Wijaya et al., 2018).

A strong impact can be made on consumer repurchase intention through digital marketing methods such as social media marketing, e-mail marketing, and conversational marketing which are also used to increase customer satisfaction, brand loyalty, and brand awareness through which the customer is persuaded to make repeated purchasing of corporate goods (Fungai, 2017). Furthermore, studies also emphasize the influence of perceived trust and convenience, especially when it comes to online transactions, where digital tools play a crucial role in creating customer loyalty and shaping consumer repurchase intention (Rachbini et al., 2021). As a result, it can be identified that digital marketing strategies directly impact to consumer behavior and repurchase intention by enhancing engagement, trust, and personalization. Therefore, the effective utilization of tools such as social media marketing, e-mail campaigns, and targeted advertising builds emotional connections and loyalty among consumers (Yeo et al., 2021).

The Sri Lankan food and beverage industry produces a wide variety of goods, such as processed fruits, vegetables, concentrates, and juices, as well as semi-cooked food, confections, bakery goods, ready-to-serve meals, animal feed, and cereal preparations. Furthermore, the food and beverage industry in the country contributes significantly to the Sri Lankan economy (Fernando, et al., 2016). In the food and beverage industry, digital channels such as social media promotions amplify convenience and visibility, thereby increasing the likelihood of repeated purchases. Despite having a small geographical area, Colombo District is considered as the commercial capital of the country which has resulted in having a higher population density in the district (Colombo Municipal Council, n.d.). As a result, considering the culture and economic and social conditions of this Colombo district, there is a huge demand for food items, because it enables people to get their food needs very quickly (Nirmani et al., 2017). Despite these significances, scarcity of studies have been done to examine the relationship between digital marketing innovations and behavioral patterns like repurchase intention within the food sector, specially in developing regions like South Asia (Riaz et al., 2022). Specifically, limited studies explicitly explore how these digital interventions drive consumer repurchase intentions within this sector, particularly in developing regions in the world (Adekunle & Ejechi, 2022).

As a result, attention should be paid to the effect of digital marketing tools on consumer repurchasing intention (Fungai, 2017), as consumer repurchase intention is a significant area for any company that engages in the food and beverage industry in Sri Lanka. Therefore, the main objective of the study is to investigate the impact of digital marketing strategies on consumer repurchase intention in the food and beverage industry in Sri Lanka with special reference to the Colombo District. Based on the main objective, the sub-objective of the study is to identify the level of impact each of the selected digital marketing strategies creates on consumer repurchase intention in the food and beverage industry in Sri Lanka, with special reference to Colombo District.

As a result, the findings of the study provide valuable insights into the potential ways in which the selected digital marketing strategies impact the consumer repurchasing intention within the food and beverage industry, specifically in the Colombo District of Sri Lanka. Specifically, within a market that is increasingly driven by digital interactions, understanding consumer behavior toward digital marketing strategies will allow organizations within the food and beverage industry to aim their strategies toward customer retention in a unique way which will ultimately enhance their market presence as well. On the other hand, the study contributes to filling the gap in the literature focusing on the food and beverage industry in developing country context by specifically focusing on Sri Lanka. Furthermore, this study provides guidance to marketing practitioners and business owners on the evolving consumer preferences in the digital age, which enables them to customize their strategies to enhance customer relationships and loyalty.

## **Literature Review**

### ***Consumer Repurchasing Intention***

A measure of a respondent's attitude toward making a purchase or using a service is called purchase intention (Monash Business School, n.d.). Therefore, simply the consumer intention can be explained as a person's intention towards purchasing a product or a service. Purchase intent is influenced by a variety of internal and external influences. A consumer base's buying intentions can be examined to develop a comprehensive road map for how to approach an advertising campaign. As a result, the customers' repeated purchases of the company's items are the main focus of the purchase intention (Hellier, 2003).

On the other hand, a person's evaluation of whether to buy products or services from a similar business after taking into account their present circumstances and positive attitudes is known as their repurchase intention. Consumers will have a good or bad attitude towards those goods or services after purchasing goods and services which will impact their repurchase intention, recommendation to others, focus less attention towards rival brands and marketing, etc. On the other hand, marketing strategies will also have a higher impact on consumer repurchase intention (Pandiangan et al., 2021), along with consumer attitudes towards their products. The effectiveness of a company's marketing strategy is said to be largely based on the ability to retain customers (Brady, 2000) and one of the crucial marketing metrics is purchase intent. Due to market competition, a business's long-term viability may be in jeopardy without devoted clients because keeping existing clients is simpler for a business than acquiring new ones. As a result, repurchase intent gauges the likelihood that a customer will return to the same merchant for future purchases. On the other hand, it keeps the existing customers devoted to the business which allows them less requirement to browse through other stores (Antwi, 2021).

Based on the Theory of planned behavior (TPB) the behavior of an individual is determined based on these three points which are attitudes, subjective norms, and perceived behavioral control (Ariffin et al., 2019). According to the theory of planned behavior, each person's actions are the outcome of their intentions. Although not often actively or consciously taken into account, these elements serve as the backdrop for decision-making (Soorani & Ahmadvand, 2019). Therefore, the theory of planned behavior is a cognitive study of human behavior based on the formulation of attitudes, subjective standards, and perceived behavior control that leads to behavior intention, where behavior intention refers to the degree of a person's plan to undertake a behavior. In other words, even if a person does not express a certain attitude, it may still have an impact on their actions. This reasonable action is referred to by some scholars as "sense-making" (Yuriev, 2020).

Attitude is considered as the person's overall assessment of the activity or issue at hand. It involves the individual's perceptions of the advantages or disadvantages of engaging in the action. If a person has a positive attitude or feeling in the mind about a certain

behavior, then that person is inclined to carry out that process, and on the other way around, if he has a bad feeling, there is a lower probability that the person will focus on it. There are many factors that affect people's feelings about a certain result. These include beliefs about outcomes, evaluation of outcomes, weight of outcomes, affective and cognitive components, and attitude strength. These factors will strongly affect personal attitudes (Gansser & Reich, 2023). Subjective norms focus on the pressure or impact that someone feels from their social surroundings. It considers the individual's view of what is important to that individual (including family, friends, and coworkers) when think about the activity in hand. A person's desire to engage in an action is affected if they believe that doing so is socially acceptable or expected by people they esteem. In other words, this explains the individual's belief in behavior regarding what they think or intend that they should do, or should behave in relation to norms, especially others or significant groups in society. Normative beliefs, motivation to comply, descriptive and injunctive norms, significant others, social identity, and cultural factors are some of the factors that determine the extent and form of the influence of the relevant subjective norms. (Gansser & Reich, 2023). The perceived behavioral control variable captures how a person feels about their capacity to carry out the activity successfully. It takes into account elements including one's own abilities, available resources, limitations, and outside variables. A higher intention to engage in the action usually follows a perception of greater control over it. This explains the belief in the person concerned about the presence of factors that affect the ability of the person to successfully carry out the behavior or prevent the person from engaging in the relevant behavior. While many internal and external factors affect this, confidence, competence, obstacles, facilitators, volitional control, impact on intention and behavior, interplay with attitude and subjective norms, context dependency, etc. are some of the factors that impact to a person's behavior (Gansser & Reich, 2023).

### ***Customer Engagement Theory***

Consumer engagement theory centers around the depth and the quality of the interactions between the customer and the brand across various platforms. In the digital marketing context, consumer engagement, which includes consumer repurchase intention, refers

to the extent to which consumers are involved with a brand through multiple touchpoints such as social media, email marketing, content marketing, etc. According to this theory, when consumers actively engage with a brand, they form a deeper emotional connection with the brand (Brodie et al., 2011).

Engagement is not merely about transactional interactions as it involves emotional, cognitive, and behavioral aspects that reflect on a consumer's investment in their relationship with a brand (Hollebeek, 2011), which ultimately increases their repurchase intention. As an example, social media allows real-time interactions and personalized communication with customers which ultimately makes the person feel more valued while creating a sense of belongingness to the brand. Such emotional connections are vital to encourage repurchases, as engaged customers are more likely to trust the brand and advocate for it while returning for future purchases (Vivek et al., 2012). Therefore, this theory specifically looks into how digital marketing strategies such as social media marketing, email marketing, etc. impact customer engagement which will ultimately increase the customer repurchase intention of a company.

### ***Social Media Marketing***

Social media marketing is the practice of using different social media sites to market your business and increase sales of your goods and services (Alalwan, 2018). Social media marketing uses popular platforms to create engaging content, run advertisements and foster two-way communication with consumers. One of the main aspects of social media marketing is engaging with the customers using comments (Xia Liua, 2021). Social media marketing may also be defined as the process of producing interesting content that illustrates the brand's principles and history (Alalwan, 2018). As a result, through social media marketing organizations try to achieve their objectives via the planned utilization of social media networks and platforms to promote goods, services, or brands. This includes producing and disseminating user-relevant material, participating in online discourse, and forging connections with other users. As a result, businesses can effectively communicate with their customer base in real-time, encourage brand loyalty, gather information, and establish a significant online presence by utilizing the effectiveness of social media (Cheung et al, 2020). Therefore, through active social media engagement, a company can strengthen its customer relationships, which will ultimately lead to increasing



consumer trust and loyalty (Laroche et al., 2013). This trust fosters a positive brand perception, which makes consumers more likely to engage in repeated purchasing behavior.

The interactive nature of social media marketing allows food and beverage organizations to maintain visibility and relevance among their target audiences. Studies have demonstrated that the perceived informativeness, entertainment value, and credibility of social media campaigns significantly influence consumer attitudes toward a brand (Duffett, 2017). Such positive brand attitudes, in return, contribute to increased repurchase intention by fostering trust and emotional connection (Chu et al., 2020). For example, the utilization of user-generated social media content as a digital marketing strategy such as reviews, testimonials, and influencer endorsements has shown a positive impact on consumer confidence and loyalty in the food and beverage sector (Yadav & Rahman, 2018). Additionally, the immediacy of feedback mechanisms on social media allows brands to quickly address consumer concerns, which further strengthens the likelihood of repeat purchases (Godey et al., 2016). Therefore, it can be identified that social media marketing is a vital digital marketing strategy that the food and beverage industry in Sri Lanka can utilize to create customer repurchase behavior comparatively with less cost and effort.

### ***Conversational Marketing***

Conversational marketing is real communication with prospects and consumers via chatbots or live chats that puts the appropriate information in front of them at the correct time, enabling them to choose self-service and get their queries answered right away. In other words, real-time, personal relationships between organizations and their consumers are given priority in conversational marketing, a new strategy for lead generation and customer engagement, contrary to conventional marketing strategies that rely on one-way interaction, conversational marketing emphasizes the development of meaningful dialogues and tailored interactions to lead clients through the purchasing process (Israfilzade, 2021). Therefore, conversational marketing, facilitated by chatbots, messaging apps, and live chatbots, has gained prominence as a strategy for engaging customers in real-time, personalized dialogues. This approach bridges the gap between digital interactions and

human-like engagement, making it particularly effective in the food and beverage industry, where consumers often seek immediate responses regarding menu options, nutritional information, and order updates (Adamopoulou & Moussaides, 2020).

Electronic word of mouth (eWOM) is one of the most successful and fascinating online conversational marketing strategies. Positive eWOM will elevate a brand's standing in its customers' minds. On the other hand, potential customers can also benefit from eWOM because it relies on user feedback regarding their interactions with a company's goods or services. As a result, customers' reviews and ratings might cut down on the risk and search time for new customers. Therefore, positive online reviews, customer feedback, and testimonials will contribute to building trust and reducing uncertainty about the products and services, making customers more inclined to repurchase (Cheung & Thadani, 2012). Therefore, it can be identified that, unlike traditional one-way marketing methods, conversational marketing creates a two-way conversation between the consumer and the brand, which fosters a deeper engagement and trust (Mohd et al., 2019). As a result, the personalized nature of conversational marketing helps to develop long-term relationships, which is a critical driver of repurchase intention, since loyal, satisfied, and engaged customers are more inclined towards returning to the brand for future needs as well. Furthermore, previous research indicates that conversational marketing enhances the customer experience by providing instant, relevant, and contextually appropriate information, which contributes to increasing customer satisfaction and brand loyalty (Tuzovic & Paluch, 2018). By fostering a sense of individualized attention, conversational marketing tools encourage repeated purchases and help businesses build long-term relationships with their customers (Sheth, 2020).

### ***Email Marketing***

Email marketing is the use of email in marketing campaigns to advertise a company's products and services and develop customer loyalty. Email marketing can be used to let people on your email list know about new products, deals, and other services. Through this E-mail marketing, a higher level of response can be obtained beyond the marketing methods of the past, through which the consumer repurchasing intention can be reached to a higher level. Email marketing may be used for a number of things, such as advertising goods or services, disseminating

informative information like newsletters or posts on blogs, nurturing leads, publicizing events or offers, and preserving client loyalty. Businesses may better target their communications to particular audience groups, increasing the likelihood that receivers will respond, by being able to segment mailing lists depending on demographic data, habits, and preferences. (Chittenden, 2002). Therefore, email marketing campaigns can be tailored to target specific segments of a customer base, and offer customized recommendations, exclusive promotions, and timely updates which will resonate more with consumers' preferences and purchasing history (Duffy, 2015). These features will enhance the perceived benefits of staying with a brand which will increase the likelihood of repurchase.

On the other hand, E-mail marketing remains a cost-effective digital marketing strategy for retaining customers since it provides tailored content, promotions, and personalized recommendations. As a result, unlike other digital marketing strategies, e-mail marketing strategies offer a more direct and personalized communication channel, which is particularly effective in driving repurchase behavior (McKinsey & Company, 2020). Furthermore, previous research has identified that segmented and targeted email campaigns achieve higher engagement rates, as consumers are more likely to act on messages that align with their preferences and previous purchase history (Mohammadi et al., 2013). When it comes to the food and beverage industry, e-mail marketing is often utilized to promote special deals, loyalty programs, and seasonal menus, all of which encourage consumer repurchase intention (Chittenden & Rettie, 2003). Furthermore, within this industry, the integration of data analytics in e-mail marketing allows brands to predict consumer needs and tailor their offering accordingly, enhancing customer satisfaction and fostering long-term loyalty (Merisavo & Raulas, 2004).

The study, therefore, seeks to determine how different aspects of digital marketing will impact to the consumer repurchase intention in the food and beverage industry in Sri Lanka. As a result, acknowledging the literature, the study proposed the following hypotheses.

**H1:** Social media marketing has a positive impact on consumer repurchasing intention in the food and beverage industry in Colombo District, Sri Lanka.

**H2:** Conversation marketing has a positive impact on consumer repurchasing intention in the food and beverage industry in Colombo District, Sri Lanka.

**H3:** E-mail Marketing has a positive impact on consumer repurchasing intention in the food and beverage industry in Colombo District, Sri Lanka.

### Methods

To achieve the research objectives, the study utilized a deductive research approach. This research builds a conceptual framework and a hypothesis based on the theoretical background identified for the study. Since this research explains the cause-and-effect relationship, by analyzing the ways in which independent variables, namely social media marketing, email marketing, and conversational marketing, impact the dependent variable of the study, which is the customer repurchase intention, an explanatory research design is engaged. This is because an explanatory research design engages in hypothesis testing under the deductive approach. As a result, a model that represents the connections between the digital marketing strategies and the consumer repurchase intention is developed followed by the hypotheses in order to achieve the research objectives. Acknowledging the previous frameworks developed, the study used three independent variables, namely, social media marketing, conversational marketing, and email marketing, and the dependent variable was established as the consumer repurchase intention in the food and beverage industry in Sri Lanka. The measurement items of the selected variables were based on established scales from the literature. Table 1 shows the measurement items of each of the variables.

The scope of this study includes the customers of the food and beverage industry in the Colombo District, in Sri Lanka. The study narrows its scope within the food and beverage industry to focus exclusively on the online food delivery sector. The online food delivery sector has seen exponential growth globally, driven by technological advancements, changing consumer lifestyles, and the convenience offered by digital platforms (Chaffey & Smith, 2022). In the Colombo district, this sector has gained significant traction, specially among young, digitally active consumers who rely heavily on these services for quick and convenient meal solutions (Weerasooriya & Wickramasinghe, 2021). The study mainly focused on the students registered in the University Grants Commission and are studying in universities in the Colombo District, Sri

Lanka to get a better response since they are perceived to have comparatively more knowledge and exposure to digital marketing strategies. This demographic is particularly considered to be receptive to digital marketing strategies, as younger consumers exhibit higher levels of digital media usage and responsiveness to online promotions (Smith, 2020). Furthermore, Colombo, being the economic hub of Sri Lanka, and which is also considered the district with the highest population density in the Western Province of the country, is home to a diverse population of undergraduates who frequently utilize digital services for convenience and lifestyle needs (Perera & Silva, 2021). Therefore,

out of the total population identified for the study, 400 university undergraduates were selected as the sample considering the non-responsive rate as well.

Data collection is a critical component in this study, and data collection methods such as focus group interviews, paper-based surveys, and online surveys can be utilized for the study. However, it was identified that the online surveys were the most appropriate data collection method for the study mainly because, the study focuses on the impact of the digital marketing strategies, which inherently target a digitally engaged audience.

**Table 1: Measurement Items**

Variable	Measurement Items	Source
Social Media Marketing	<p>I spend a significant amount of time on social media.</p> <p>I can see a large amount of advertisements for restaurants through social media sites.</p> <p>I often respond to social media advertisements of restaurants.</p> <p>I can get a lot of information on the new developments in the food and beverage sector through social media.</p> <p>I have often identified food and beverages to purchase through social media marketing initiatives.</p>	Yadav & Rahman (2017)
Conversational Marketing	<p>I am aware of online conversational platforms such as online groups, and chatbots available in online food delivery platforms.</p> <p>I engage in providing reviews and discussions regarding food and beverages that I purchase on online platforms.</p> <p>I often engage in online conversations regarding the food and beverage items that I purchase.</p> <p>I often prefer a personalized conversation in online platforms such as chatbots.</p> <p>I respond very quickly in online conversations that are around food and beverages.</p>	Israfilzade (2021)
E-mail marketing	<p>My e-mail usage level is very high.</p> <p>The probability of opening an e-mail message that is promoting a food or beverage is very high.</p> <p>I often click on links in e-mail promotions that I receive from online food delivery platforms.</p> <p>I often respond to or circulate promotional e-mail messages that I receive from online food delivery platforms.</p> <p>I often buy food and beverage products that are promoted through e-mail messages.</p>	Lorente-Páramo et al. (2021)

<p>Consumer Repurchasing Intention</p>	<p>I am highly concerned regarding whether I am aware of the brand before I purchase a food or beverage item.                  I am concerned about the satisfaction I previously received before I repurchase a food or beverage item.                  I always recommend food or beverage items that I am satisfied with to my peers.                  I am highly concerned about being loyal to the restaurant/ food or service provider when I make purchases.                  I consider whether I should switch the brand/ restaurant before I repurchase through an online food delivery platform.</p>	<p>Hellier et al. (2003)</p>
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The online surveys allow the researcher to collect responses from a geographically dispersed audience. Therefore, in order to ensure a diverse representation within the Colombo District, through a cost-effective methodology, the online survey method was utilized in the study. As a result, a structured questionnaire was constructed, including a total of 20 items to collect the primary data from the desired sample. The items were measured by a five-point Likert Scale with strongly agree and strongly disagree as the endpoints. The study utilized the online platform to collect data through a Google Form-based questionnaire. In quantitative approach, the data analysis consists of three steps: measuring sample profile, testing the goodness of the data and testing the hypotheses. The sample profile is measured using frequency analysis. The measurement items' reliability and validity were tested to ensure the measurement's goodness. Factor analysis, construct reliability, average variance extraction, Cronbach's alpha values, and discriminant validity were all tested. Multiple regression analysis is used to test the hypotheses. The multiple regression analysis was used to determine whether the key digital marketing strategies have a significant effect on the consumer repurchase intention in the food and beverage industry in Sri Lanka, specifically in the Colombo District.

**Findings**

The survey was conducted with 400 undergraduates and 384 responses received were taken to conduct the statistical analysis of this study, indicating a 96% response rate. The characteristics of the respondents were described mainly in terms of gender, and the income level. Based on the study sample, 57% consisted of males and 43% consisted of females.

While considering the income level of the respondents, 208 respondents (54.2%) had a monthly income of less than Rs. 20,000, 111 respondents (28.9%) had an income ranging from Rs. 20,000 – 30,000, 18 respondents (4.7%) had an income of Rs. 31,000 – 40,000 and 47 respondents (12.2%) had an income higher than Rs. 40,000.

To reduce the data and purify the items under each study variable, a factor analysis was used. The Kaiser-Meyer-Okin (KMO) sample adequacy measure was used. According to Vinayan et al. (2012), a KMO value of 0.60 or higher indicates a good factor analysis. Table 2 shows that the KMO value of the measurement items was greater than 0.60 and that Bartlett's test of sphericity showed a significant level ( $p < 0.001$ ), indicating the appropriateness of factor analysis. The loadings of the items on their correspondents ranged from 0.857 to 0.947 (greater than 0.50). The reliability of each variable was assessed using Fornell and Larcker's (1981) measure of composite reliability (CR) and Cronbach's (1951) alpha, as shown in Table 2. The CR and Cronbach's alpha values for each construct were above 0.70, which falls within the acceptable reliability range (Hair et al., 2010). The convergent validity of the constructs was assessed by examining the average variance extracted (AVE). The results presented in Table 2 further show that AVE values exceed the respective threshold values (above 0.50) ensuring the convergent validity. The discriminant validity was ensured as the square root values of all AVEs exceeded the correlation values of the respective constructs (Fornell and Larcker, 1981) (Table 2). The values of the square root of the AVE are as given in italic along the diagonals in Table 2.



The mean value of consumer repurchase intention was above 3, implying a moderate level of customer repurchase intention in the food and beverage industry in the Colombo District in Sri Lanka. According to Table 3, the mean values of social media marketing, conversation marketing, and email marketing are close to three. Therefore, can conclude those digital marketing strategies have an impact on the consumer repurchase intention in the food and beverage industry in Sri Lanka because the majority of respondents agreed with the questions posed by the researcher.

### Multiple Regression analysis

The multiple regression analysis is used to see if social media marketing, conversational marketing, and email marketing have a significant impact on consumer repurchase intention in the food and beverage industry in Sri Lanka. The results are as given in Tables 4 and 5.

The R<sup>2</sup> value was 0.713 ( $F = 314.875$ ,  $p = 0.000$ ), implying that 71% of consumer repurchase intention in the Sri Lankan food and beverage industry is going to be represent by the independent variables of social media marketing, conversational marketing, and email marketing. The VIF values were fewer than 5, there was no concern with multicollinearity in the model. In Table 5, the p-values for digital infrastructure, digital user citizenship digital marketplace and digital entrepreneurship were less than 0.05. As a result, these key determinants have a significant influence over the consumer repurchase intention in the Sri Lankan food and beverage industry. Social media marketing has the greatest effects on consumer repurchase intention (beta = 0.417), followed by email marketing (beta = 0.377) among the key determinants. Conversational marketing has the smallest effect on consumer repurchase intention in the Sri Lankan food and beverage industry (beta = 0.125).

### Implications and Conclusion

This study investigates the impact of digital marketing on consumer repurchase intention for the food and beverage industry in Sri Lanka with special reference to the Colombo District. Digital marketing strategies play a significant role in dynamic markets such as the food and beverage industry of Sri Lanka. According to the literature, social media marketing

creates consumer engagement directly through initiatives such as interactive content, promotions, and customer testimonials. As a result, this engagement builds a community around the brand, fostering loyalty and ultimately increasing the likelihood of repeated purchases (Ahmed et al., 2021). On the other hand, frequent exposure to a brand's social media content creates brand visibility which can enhance consumer trust and preference for a brand, directly impacting repurchase intention (Perera & Silva, 2022). Similarly, conversational marketing creates brand engagement through methods such as chatbots. In the food and beverage industry, this could involve answering queries about menu items, taking orders or providing recommendations based on past purchases which enhances the overall customer experience (Wang et al., 2021). As a result, providing quick and personalized support can influence a customer's decision to repurchase from the same brand repeatedly (Wijesinghe & Gunawardene, 2021). Furthermore, when customers receive email notifications on new menu items or special deals, it creates an incentive for repeated purchases (Karunaratne, 2021). Similarly, sending emails regarding loyalty rewards or reminders about past purchases can strengthen the customer-business relationship, leading to increased repurchase rates (Fernando & Jayawardena, 2022). Therefore, the findings of the study support the discussion made under consumer engagement theory. This is because digital marketing strategies such as personalized promotions and interactive social media campaigns foster consumer engagement on all three levels, namely emotional, cognitive, and behavioral engagement.

The multiple regression results of the study suggest that social media marketing, conversational marketing, and email marketing significantly affect consumer repurchase intention in the food and beverage industry in Sri Lanka. Among the key determiners, social media marketing recorded the greater beta value. That indicates that social media marketing mostly affects the consumer repurchase intention in the Sri Lankan food and beverage industry.

Furthermore, the consumer repurchase intention depends not only on social media marketing but there is also on conversational marketing and email marketing that impact to the consumer repurchase intention. The results of this study are confirmed with the findings of previous empirical studies as well



**Table 2: Assessment of adequacy of measurement**

Variable	No. of Items	KMO measure	Bartlett's test of sphericity	AVE	Cronbach's alpha
Social Media Marketing (SM)	05	0.818	1324.209	0.64	0.905
Conversational Marketing (CM)	05			0.65	0.926
Email Marketing (EM)	05			0.59	0.889
Consumer Repurchase Intention (CRI)	05			0.75	0.928

**Table 3: Discriminant validity**

Variable	Mean	Std. deviation
SM	2.9474	1.19347
CM	2.7198	1.07330
EM	2.6651	1.05268
CRI	3.1026	3.1026

**Table 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	F	Sig.
1	.844 <sup>a</sup>	.713	.711	.65312	1.784	314.875	.000 <sup>b</sup>
a. Predictors: (Constant), Social Media Marketing, Conversation Marketing, Email Marketing,							
b. Dependent Variable: Consumer repurchasing intention							

**Table 5: Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.308	.097		3.163	.002		
	Social media marketing	.424	.059	.417	7.243	.000	.228	4.390
	Conversation marketing	.141	.067	.125	2.113	.005	.216	4.638
	Email marketing	.435	.047	.377	9.198	.000	.450	2.223
a. a. Dependent Variable: Consumer repurchasing intention								

The data analysis of the survey responses indicates that social media marketing has a significant influence on consumer repurchase intention in the food and beverage industry. In the food and beverage industry, consistent engagement through social media platforms helps to create a community of loyal customers who are more likely to repurchase. Such engagement is essential to increase brand loyalty and trust, which is a critical driver for consumer repurchase intention (Ebrahim, 2020). On the other hand, social media marketing allows organizations to customize their content to individual customer preferences based on their interactions and behavior (Lee & Watkins, 2016). Such initiatives enhance customer satisfaction levels which contributes towards creating stronger repurchase intentions since customers develop a positive attitude towards the brand.

Several key implications can be identified through the findings of this study. Based on the findings it can be identified that the organizations coming under the food and beverage industry in Sri Lanka should adopt an integrated digital marketing strategy that combines social media, conversational marketing, and email marketing since all three of these strategies have a significant impact on the consumer repurchase intention. Through such integration, organizations can create a cohesive marketing approach that will strengthen consumer loyalty and increase the likelihood of repeated purchases. Similarly, the significant impact of these strategies on consumer repurchase intention suggests that consumers in the food and beverage industry value personalized and engaged experiences. The study's emphasis on repurchase intention highlights that marketers need to leverage data analytics and AI technologies to deliver tailored promotions, recommendations, and content that resonate with individual consumer preferences. This is because personalization fosters stronger emotional connections, encouraging repeat purchases while enhancing brand loyalty. As a result, brands should focus on creating personalized content that fosters an emotional connection with the brand and the likelihood of repurchases. Furthermore, businesses can use these digital marketing strategies to differentiate themselves in the market since the food and beverage industry is a highly competitive industry. This will also result in creating a unique

competitive advantage for the company as well. Similarly, given the increasing reliance of consumers on social media platforms for information and recommendations, marketers need to optimize their presence on social media platforms to amplify their brand visibility and drive consumer engagement among consumers in the food and beverage industry, particularly among younger demographics. Furthermore, since the findings suggest that digital marketing strategies have a significant impact on consumers, it is essential that necessary policies and regulations are in place to enhance consumer awareness and consumer protection. Therefore, the necessary regulatory authorities need to take relevant actions in order to protect consumers as well as regulate organizations in terms of digital marketing strategies. This study was conducted in a single community in Sri Lanka therefore the generalizability of the findings might be limited. As a result, sampling limitations could result in potential biases of the findings of the study towards the selected community. This study focused on the effect of social media marketing, email marketing, and conversational marketing on consumer purchase intention in the food and beverage industry in Sri Lanka. However, there are other factors that impact consumer repurchase intention such as cultural factors, consumer perception of privacy and trust, the effectiveness of personalization, gamification, and other marketing strategies such as influencer marketing, etc. As a result, further research should be conducted to investigate how these factors play a role in this model. Despite the fact that technology plays a pivotal role in consumer decision-making, fewer studies have been conducted to determine the impact of gamification methods in digital marketing, the impact of virtual reality and augmented reality, etc. on consumer repurchase intention. Therefore, future studies on digital marketing strategies and consumer repurchase intention are required in developing countries specifically in Sri Lanka.

#### **Declaration of Conflicting Interests**

The authors declare that they have no competing interests with respect to the research and publication of this article.

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### Article

## Impact of Green HRM Practices on Organizational Sustainability: A Study of the Public Sector Banking in Sri Lanka

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### ABSTRACT

The purpose of this research is to investigate impact of Green Human Resource Management practices have on the organizational sustainability operating within the public banking sector of Sri Lanka. The research makes use of a quantitative technique, which is aligned with a positivist perspective and is driven by Saunders' research onion theory. The data was collected through a survey that utilized a structured questionnaire that was distributed to a sample of 132 banking employees. These individuals were picked from a population of around 200. The sampling method used was convenience sampling. Descriptive statistics, Validity, Reliability, Correlation and regression testing were utilized in order to investigate the connections that exist between the various Green Human Resource Management practices, which include Green Recruitment, Green Training and Development, Green Reward Management, Green Performance Management, and Green Empowerment, and the preservation of the organization's sustainability. Data was analysed by using SPSS (21.0). Based on the data, it can be concluded that Green Recruitment and Green Empowerment practices have a large and beneficial impact on the sustainability of organizations, however Green Reward Management techniques have Negative impact. However, there is no evidence that green training and development strategies, as well as green performance management practices, have a substantial impact. The findings provide public banks in Sri Lanka with useful insights that can be used to improve their human resource management strategies, which will ultimately contribute to increased organizational sustainability.

## Introduction

Green Human Resource Management (GHRM) is the integration of eco-friendly techniques into the management of human resources, with the goal of promoting a culture of sustainability within organisations (Aggarwal & Agarwala, 2023). In the Sri Lankan banking industry, which has traditionally prioritised financial gain, the adoption of GHRM techniques represents a notable transition towards sustainable business operations. Empirical studies have not been conducted on its effectiveness in the Sri Lankan banking sector, especially regarding its impact on organisational sustainability (Aboelmegeed & Gebba, 2013). The Sri Lankan banking sector, which includes Licensed Commercial Banks (LCB) and Licensed Specialised Banks, is the foundation of the country's financial system, representing the greatest portion of total assets. Banks play a crucial role in supplying liquidity and payment services across the economy (Central Bank, 2021). Banks play a crucial role in supplying liquidity and payment services across the economy (Central Bank of Sri Lanka, 2021). However, their interconnections and discrepancies between their assets and liabilities can give rise to systemic concerns. The stability of these banks is essential for upholding trust in the financial system, as any volatility could have an impact on the overall economy (Francis and Ganeshamoorthy, 2017). LCBs, specifically the six Systemically Important Banks, play a crucial role in maintaining the stability of Sri Lanka's financial system because of their substantial assets and the services they provide (Central Bank of Sri Lanka, 2021).

The Public banking sector in Sri Lanka has a vital role in the country's economy, as it is responsible for promoting financial growth and guaranteeing the long-term viability of organisations (Abeysekera, 2024). With the growing focus on sustainability worldwide, it is now crucial for banks in Sri Lanka to incorporate sustainable practices into their operations while maintaining financial performance (Central Bank of Sri Lanka, 2021). It is crucial to recognise the growing pressure from stakeholders for firms to show their dedication to environmental and social responsibility. This trend is currently impacting corporate strategy on a global scale (Francis et al., 2021). This omission in the existing body of knowledge signifies a crucial domain that requires

thorough examination. Comprehending the significance of GHRM in improving sustainability outcomes is crucial, not just for directing future policies and practices in the banking industry of Sri Lanka, but also for adding to the wider discussion on sustainable business practices in developing nations. Based on that researcher has motivated to explore about the impact of GHRM practices on public sector banking organizational Sustainability. Hence, in this research study seeks to fill this need by investigating the efficacy of GHRM approaches in promoting organisational sustainability in Selected public sector banks in Sri Lanka, providing significant insights for both practitioners and policymakers (Abeysekera, 2024).

### *Problem Statement*

The theoretical basis of GHRM practices, which contribute to the long term sustainability of organisations, has been thoroughly established (Renwick et al., 2013). The goal of GHRM is to incorporate environmental factors into fundamental HR activities, with the purpose of fostering sustainable behaviours and practices in the workplace. Nevertheless, there is a significant lack of empirical research investigating the influence of GHRM on the long term viability of organisations in the banking sector in Sri Lanka. Prior research has yielded significant perspectives; however, its reach is restricted. (Sandaruwan, Herath, & Abeysekera, 2013) investigated the correlation between GHRM practices and environmental performance in private banks located in Colombo, Sri Lanka. Nevertheless, their analysis was not exhaustive in its coverage of the entire Sri Lankan banking system. Similarly (Safeena, 2020) conducted a study on the influence of GHRM policies on employee performance in Sri Lankan banks but those studies not directly explore the public sector banks in Sri Lanka.

The research vacuum poses a substantial issue for Sri Lankan banks, especially Public sector banks in Sri Lanka. Those banks mainly relies on paper based processes, including files, pay slips, training materials, documentation, and attendance cards. Additionally, they engage in energy intensive practices such as excessive usage of lighting, air conditioning, and transportation for its HRM operations. These behaviours not only result in higher operational expenses but also have an adverse effect on the

environment. Although the Sri Lanka Banks' Association's Sustainable Banking Initiative (SLBA-SBI, 2021) and the Central Bank of Sri Lanka's (2021) Green Finance initiatives demonstrate a dedication to sustainability in the banking industry, there is a shortage of concrete evidence that specifically examines how GHRM practices can alleviate these problems and contribute to the long-term sustainability of banks in Sri Lanka. Hence, a comprehensive inquiry is required to comprehend the manner in which sustainable HRM practices, specifically those advocated by GHRM, can have a favourable impact on the long-term sustainability of public banks in Sri Lanka.

### **Research gap**

There is a significant lack of research study specifically investigating the impact of GHRM on the overall sustainability of public sector banks in Sri Lanka. This gap impedes the strategic implementation of GHRM practices and procedures intended to achieve organizational sustainability within the Public banking sector in Sri Lanka. Comprehending the influence of GHRM practices (Green recruitment, Green Training & Development and Green reward management, Green performance management and Green empowerment ) on the sustainability endeavours of Sri Lankan public banks is of utmost importance for different reasons. Effective strategy development, enhanced environmental performance and the lack of information is impeding the advancement of sustainable growth in the Public banking industry of Sri Lanka. Through the efficient incorporation of GHRM Practices, banks may actively contribute to the promotion of sustainable practices across the entire economy. This study seeks to fill a significant knowledge void by examining the precise influence of GHRM practices on the organizational sustainability of public banks in Sri Lanka.

This study is essential for furthering the comprehension of GHRM practices and their contribution to fostering organisational sustainability in Sri Lanka's public banking sector. The research addresses the lack of information in both academia and industry by examining the precise effects of these practices on environmental, social, and economic sustainability. The results will offer practical insights for public banks, assisting them in adopting GHRM strategies that improve environmental performance

and corporate social responsibility. Moreover, the study provides policymakers and regulators with useful insights to create frameworks that promote sustainable practices in the banking sector, in line with global sustainability objectives such as the United Nations Sustainable Development Goals (SDGs). This research has ramifications that go beyond the banking sector. It provides a model that other industries and regions may use to adopt sustainable human resource management practices.

### **Research Objectives**

#### *Main Objective*

To investigate the influence of Green HRM practices on organizational sustainability in the public banks in Sri Lanka.

#### *Specific Objectives*

To examine the impact of green recruitment, green reward management, green training and development, green performance management and green empowerment practices on organizational sustainability in the public banks in Sri Lanka.

To analyse the relationship between green recruitment, green reward management, green training and development, green performance management and green empowerment practices on organizational sustainability in the public banks in Sri Lanka.

### **Literature Review**

#### **Green Human Resource Management**

Green Human Resource Management is the incorporation of environmental goals into human resource practices in order to advance organisational sustainability. The Resource-Based View (RBV) posits that GHRM has the potential to transform human resources into a strategic asset by aligning them with environmental objectives, hence providing a competitive edge (Jabbour et al., 2013). Institutional Theory provides additional support for this perspective by elucidating that organisations embrace GHRM policies as a reaction to external influences, such as regulatory mandates and societal norms, as evidenced in the case of Sri Lankan manufacturing enterprises (Fernando & Perera, 2019). These theories demonstrate how the integration of environmental values into HR practices and the flexibility to adapt to external factors can improve organisational performance and sustainability in GHRM.

The Human Resources Department has a vital role in promoting a culture of sustainability within a firm, with GHRM leading this effort. The goal of GHRM is to

improve employees understanding of the importance of sustainability and its repercussions on the environment and society. (Rao, 2022). It is critical to establish a workforce that supports environmental causes, as the attitudes and actions of environmentally conscious employees have a direct impact on environmental performance (Makarim & Maufi, 2021). GHRM is a vital green business strategy that promotes long-term sustainability and enhances environmental performance (Zhu et al., 2020; Singh et al., 2020; Wehrmeyer., 2017; Afriha., 2024). Implementing GHRM procedures can bolster a company's standing and give it a distinct advantage over competitors (Arulrajah et al., 2016). Efficient GHRM plays a vital role in fostering and incentivizing environmentally friendly actions among employees, particularly as firms place greater emphasis on sustainable performance (Ercantan and Eyupoglu, 2022 : Jabbour, 2016).

### ***Organizational Sustainability***

Organizational sustainability is defined by the balance between economic, social, and environmental goals, encapsulated in the Triple Bottom Line (TBL) framework. This approach, introduced (Elkington, 1997), advocates for evaluating organizational success based on its impacts across these three dimensions. The TBL framework highlights that organizations should not only focus on financial performance but also consider their social and environmental impacts (Epstein & Buhovac, 2014). Complementing this, Stakeholder Theory emphasizes the need to address the interests of various stakeholders, not just shareholders, in achieving sustainability. Effective sustainability practices involve aligning organizational strategies with stakeholder needs and balancing the triple bottom line to ensure long-term success and resilience (Hansamali et al., 2024). Business sustainability refers to the measures used to preserve competitiveness while safeguarding both current and long-term social and environmental resources. This entails efficiently managing and responding to the present and future needs of stakeholders on behalf of the company (Discua Cruz, 2020; Zaman & Kusi-Sarpong, 2023; Francis et al., 2024). In Clemens' study conducted in 2006. Environmental sustainability is concerned with conserving natural resources and minimising the environmental impact of enterprises in order to foster sustainable economic growth and ensure intergenerational equity.

According to (Yong et al., 2019), social sustainability refers to a corporate strategy that emphasises the promotion of equal opportunities and equitable distribution, as well as the resolution of issues such as poverty, income disparity, and access to healthcare and education. These concepts have significantly influenced the functioning and effectiveness of organisations.

Sustainable growth promotes value generation by maintaining and improving economic, ecological, and social resources (Zhang et al., 2020). The attractiveness of remarkable human resources, employee incentives, and the drive to innovate in production and procedures to stay competitive contribute to this issue. Sustainability can improve an organization's reputation, which influences external stakeholders' investment decisions, product preferences, and job possibilities (Gangi, Daniele, & Varrone, 2020). (Ogbu Edeh & Okwurume, 2019) say sustainable companies prioritise company continuity and stakeholder confidence. Ethical contacts with external stakeholders and personnel loyalty to the organization's goals reduce costs (Aranganathan, 2018). GHRM practices affect companies' sustainability in many ways, including the environment, economy, and society. Sri Lankan banks with good Green Human Resource Management (GHRM) practises reduced their environmental impact and saved money by using resources more efficiently.

### ***Green Recruitment Practices***

Green recruitment and selection refer to the process of identifying and selecting applicants who share the organization's commitment to sustainability. Fernando & Perera, (2019) found that organisations in Sri Lanka's industrial sector have progressively implemented green recruitment techniques, leading to the development of a workforce that prioritises sustainability. The study emphasises that organisations that implement robust green recruitment strategies typically have employees who are highly involved in sustainability activities, resulting in enhanced organisational performance in terms of environmental responsibility. Green recruitment and selection strategies aim to ensure that job applicants possess environmentally sensitive attitudes and support sustainability activities (Masri, 2017).

To establish and sustain the concept of “green”, it is important that the organizations recognize the candidates who have interest towards eco-friendly issues and hire employees accordingly (Renwick et al.



2013). Most of the organizations are using advanced and modern technology for the recruitment process. Applicants use web portals to search and apply for job opportunities and that will help to reduce wastages generated from printing and sending resumes. The appropriate applicants who can demonstrate environmentally friendly values in the beginning imply that they may be more enthusiastic to engage in green operational practices (Mishra 2017). According to Jain (2016), green recruitment can shrink the recruitment cost and the time by around 80%.

### ***Green Reward Management Practices***

Studies suggest that implementing Green Rewards can have a substantial positive impact on organizational sustainability and this can be achieved through improvements in environmental outcomes, cost reduction in operations, and increased staff happiness. For instance, Jabbour *et al.* (2013) discovered that organisations that provided financial incentives for accomplishments connected to sustainability experienced significant enhancements in their environmental performance, such as decreases in waste and energy consumption. In a similar vein, a research conducted (Silva & De Silva, 2020) in Sri Lanka revealed that acknowledging and providing non-financial incentives for environmentally friendly actions resulted in increased employee engagement and active involvement in sustainability initiatives. Green reward management programs incentivise employees to actively participate in environmentally sustainable projects by providing both monetary and non-monetary rewards (Mandago, 2018; Jabbar & Abid, 2015). These activities improve the quality of work-life balance and promote environmental performance.

### ***Green Training and Development Practices***

Green Training and Development aims to provide employees with the necessary knowledge and skills to effectively contribute to the achievement of the organization's environmental goals. (Perera & Gunawardane, 2021) conducted a study investigating the effects of green training programs on environmental awareness among employees in Sri Lankan textile industries. The study revealed that these programs had a substantial positive impact on employees' understanding of environmental issues. The study also found that employees who underwent green training were more inclined to engage in

sustainability projects, therefore enhancing the organization's overall sustainability endeavours. It is essential to provide green training in order to improve employees' knowledge and understanding of the environment, promote energy conservation, reduce waste, and develop environmental awareness (Zoogah, 2011). The concept of green training promotes the active involvement of employees in environmental activities and the adoption of eco-friendly practices (Jabbar & Abid, 2015). The training provides the personnel with the essential abilities to incorporate sustainable practices into their daily responsibilities (Gill *et al.*, 2021). Environmental training enhances individuals' motivation to participate in environmentally beneficial activities, hence fostering a culture of environmental responsibility (Mandago, 2018). Dubey *et al.* (2015) found that organisations who allocate resources to develop their environmental expertise improve their environmental performance and build trust with stakeholders. Green training acts as a catalyst, driving significant progress towards sustainability.

### ***Green Performance Management Practices***

Green Performance Management (GPM) is the practice of incorporating environmental objectives into the performance evaluation procedures of organisations. The goal of GPM is to synchronise employee performance with the environmental objectives of the organisation, hence improving overall sustainability. (Govindarajulu & Daily, 2021) state that GPM practices encompass the establishment of environmental performance objectives, integration of sustainability measures into evaluations, and recognition of eco-friendly actions. Recent research has emphasised the increasing significance of Green Performance Measurement (GPM) in promoting organisational sustainability, particularly in industries that have a substantial environmental footprint (Mousa & Othman, 2022). Nevertheless, the adoption of GPM may encounter obstacles, including the complexity of measuring environmental impacts and opposition from employees who are accustomed to conventional performance measures (Tang, Chen, & Ma, 2023). Although facing these difficulties, GPM is progressively acknowledged as an essential element of Green HRM, which contributes to both environmental performance and employee engagement.

### ***Green Empowerment***

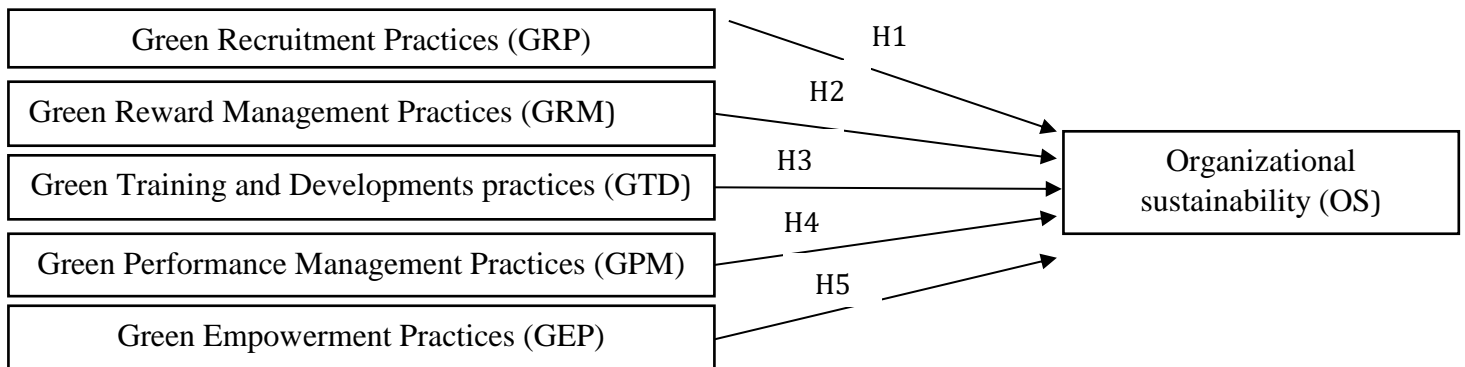
Green Empowerment encompasses strategies that foster and empower employees to actively participate



in environmental sustainability endeavours within the organisation. It entails furnishing staff with the essential resources, authority, and motivation to engage in environmentally friendly actions. Research conducted by Renwick et al. (2022) and (Jabbour & de Sousa Jabbour, 2023) indicates that giving employees the authority to participate in environmental management activities promotes a culture of sustainability and creativity. Employees that are given authority and autonomy are more inclined to suggest and execute environmentally sustainable ideas, resulting in enhanced environmental results. Recent research suggests that Green Empowerment boosts job satisfaction and organisational commitment by recognising employees for their efforts to sustainability (Islam, Ahmed, & Ali, 2024).

### Conceptual Framework and Hypotheses

The conceptual framework was developed based on the theoretical support. The framework is presented in Fig. 1.



Source: (Developed by the Author)

In terms of the measures selected for each variable, the proposed model to be estimated can be stated by Equation 1

### Model Specifications

$$OS_i = \beta_0 + \beta_1 GRP_i + \beta_2 GRM_i + \beta_3 GTD_i + \beta_4 GPM_i + \beta_5 GEP_i + u_i \dots \dots (1)$$

### Research Design

The study's goal is to rigorously analyse the impact of GHRM practices using a logical approach. This entails testing pre-existing assumptions through systematic data collection and analysis. The survey research technique is justified in order to collect data from a large number of public sector banking employees, allowing the findings to be applied to the greater community and increasing the study's

dependability (Deshpande & Magerko, 2024). Using a Mono Method, the use of questionnaires improves research by ensuring consistency and focus in data collection, hence eliminating potential biases (Deshpande & Magerko, 2024). The adoption of a cross-sectional time horizon is justified because it provides an overview of existing GHRM practices and their perceived influence on sustainability, which is consistent with the study's objectives (Deshpande & Magerko, 2024).

### Sampling and Data Collection

The study's sample size was determined to be 132 participants, using the Krejcie & Morgan, (1970) sample size determination table. This computation was employed to guarantee that the sample is a true reflection of the broader population of public sector banking personnel in Sri Lanka. In sampling procedures, every member in the population had an equal chance of being selected, with the ultimate goal of enhancing the representativeness and generalisability of the findings (Obilor, 2023).

Convenience sampling, being a non-probability sampling method, does not guarantee equal opportunities for all individuals and may introduce biases, which might potentially impact the overall generalisability of the findings. This is because the researcher has very limited options to collect primary data for the research. The core data for this research study were collected from participants who completed a survey designed to measure their perspectives and experiences with GHRM practices and organisational sustainability. This direct input provides vital insights into the current level of GHRM procedures in Sri Lankan public banking sector. In addition to primary data, the study used secondary data from company reports and scholarly journal publications. Company reports gave extensive information on organisational practices and performance metrics, whereas journal papers provided a more theoretical and empirical

framework for understanding GHRM practices and their influence on sustainability.

The questionnaire was generated with Google Forms, a user-friendly instrument for gathering data. The Google Form link was disseminated to participants using popular social media platforms including WhatsApp, Viber, and Messenger to streamline accessibility and completion. Respondents were allotted a fortnight to submit their answers. A targeted sample was ensured by distributing the form among workers of public sector banks in Sri Lanka.

### Data Analysis

The statistical analysis of the data was done with SPSS (21.0 version) statistical responses were analysed by using descriptive statistics, reliability and validity, correlation analysis, and regression analysis was done to test the hypotheses.

## Results and Discussion

### Demographics and Descriptive Statistics

The sample comprises 132 participants, primarily in the age range of 26 to 40 years, accounting for 45.5% of the total. The next largest group is individuals aged 18 to 25, constituting 33.3%. The combined participation of these two younger age groups constitutes around 79% of the sample, suggesting a significant presence of younger individuals in the workforce. Conversely, the sample consists of a smaller proportion of elderly individuals, specifically those aged 41 to 55 and 56 and above, accounting for only 17.4% and 3.8% of the total, respectively. The gender distribution in the sample showed that females were more prominently represented, accounting for 58.3% of the total sample, while males accounted for 41.7%. The gender distribution was a crucial factor to take into account during the investigation, as it could have impacted the perceptions and efficacy of Green HRM practices in the public banking sector.

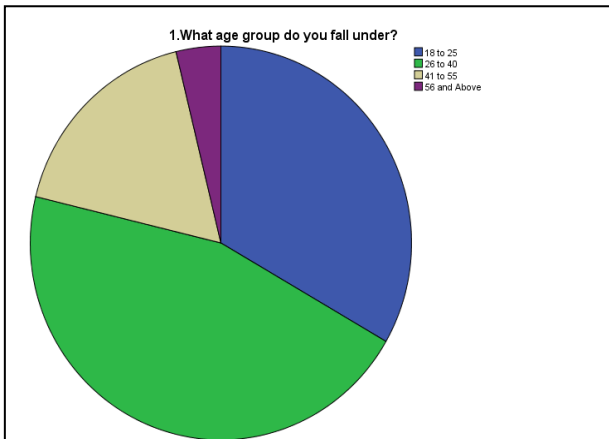


Figure 3: Age Distribution

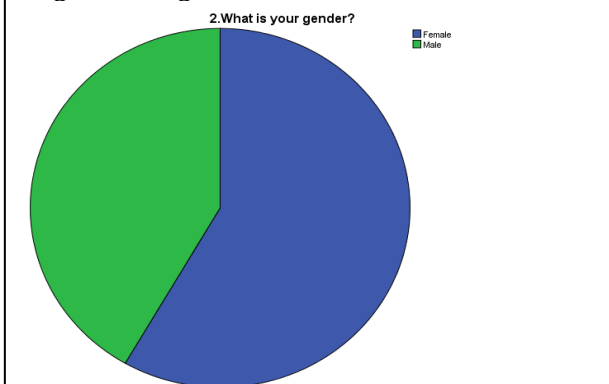


Figure 4: Gender Distribution

Source: (Developed by the Author)

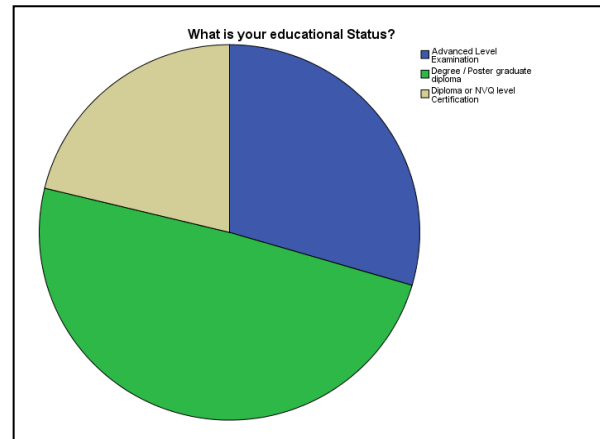


Figure 5: Service Years Distribution

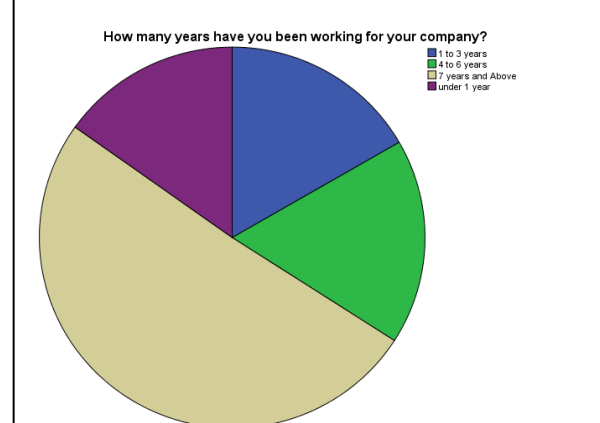


Figure 6: Educational Background Distribution

Source: (Developed by the Author)

The data from the sample of 132 respondents reveals that a substantial majority, accounting for 50.8%, have been employed by their organisation for a period of 7 years or longer, suggesting the presence of a highly seasoned staff. The remaining participants are spread somewhat evenly, with 16.7% having a work experience of 1 to 3 years, 17.4% with 4 to 6 years of experience, and 15.2% with less than 1 year of experience. Out of the 132 respondents, it is found that 49.2% of them have a degree or postgraduate

diploma, which is the most prevalent level of education in the sample. In addition, 29.5% of the participants have successfully passed the Advanced Level Examination, while 21.2% hold a diploma or certification at the NVQ level. The distribution of respondents suggests that most individuals have a significantly advanced degree of education, which could potentially impact their comprehension and viewpoints regarding organisational practices, such as Green HRM initiatives.

### *Descriptive Analysis*

**Table 1: Results for Descriptive Statistics**

Factors	Mean	Std. Deviation	Skewness	Kurtosis
Green recruitment Practices	10.9830	2.54336	-.475	-.020
Green rewards Management Practices	7.8788	2.02498	-.496	.019
Green training and Development Practices	8.1667	1.88404	-.684	.021
Green performance Management Practices	11.3788	2.46628	-.474	-.226
Green empowerment Practices	11.2519	2.51076	-.351	-.178
Organizational Sustainability	11.2424	2.09278	.156	-.202

Source: (Developed by the Author)

The study's variables, including green recruitment, rewards management, training and development, performance management, and empowerment techniques, are moderately embraced. The mean values for these variables range from 7.88 to 11.38. The range of standard deviations, ranging from 1.88 to 2.54, suggests a moderate degree of variability in the responses. The skewness values indicate that the majority of variables show a little negative skew, except for organisational sustainability, which

### *Reliability and Validity Analysis*

displays a slight positive skew. This suggests that the data tends to concentrate towards the higher or lower end of the scale. The kurtosis values are around zero, indicating that the distributions are almost normal, although some are somewhat less peaked than a standard normal distribution. In summary, the data indicates that the replies are fairly evenly distributed, with a tendency towards moderate adoption of environmentally friendly activities in all areas.

**Table 2: Construct Reliability and Validity Results**

Variable	Cronbach's alpha value	KMO Bartlett Values
Green Recruitment practices	.874	.680
Green Reward Management Practices	.704	.704
Green Training and Development Practices	.681	.681
Green Performance Management Practices	.815	.815
Green Empowerment Practices	.797	.797
Organizational Sustainability	.750	.750

Source: Survey data

Having Cronbach's Alpha values above 0.7 indicates that all factors have fulfilled internal consistency and reliability (Hair et al., 2011; Francis et al., 2024). The analysis of the study's variables demonstrates robust measurement quality across multiple dimensions in terms of reliability and validity. The Green Recruitment Practices and Green Performance Management Practices both demonstrate strong internal consistency, as indicated by Cronbach's alpha values of 0.874 and 0.815, respectively. These values suggest that the measures are reliable, and are further supported by KMO values of 0.680 and 0.815, indicating appropriate sampling.

#### **Result of Correlation Analysis**

The Green Reward Management Practices and Green Training and Development Practices show moderate internal consistency, as indicated by Cronbach's alpha values of 0.704 and 0.681, respectively. Additionally, they have sufficient sampling adequacy, with KMO values of 0.704 and 0.681. The Green Empowerment Practices and Organisational Sustainability demonstrate high dependability, as indicated by Cronbach's alpha values of 0.797 and 0.750, respectively. Additionally, the KMO values of 0.797 and 0.750 are deemed adequate. The scales employed to assess GHRM practices and organisational sustainability are highly robust and dependable, guaranteeing precise and consistent data for the study.

The correlation analysis conducted on the relationship between organisational sustainability and several Green HRM practices demonstrates

statistically significant positive associations among all variables. There is a significant and positive relationship between Green Recruitment Practices and organisational sustainability, as indicated by a Pearson correlation coefficient of 0.511. The Green Rewards Practices also exhibit a positive link (Pearson correlation = 0.341, although to a lesser degree). The practice of implementing environmentally-friendly training and development methods is strongly associated with the long-term viability of an organisation (Pearson correlation = 0.461). The correlations between Organisational Sustainability and Green Empowerment Practices are very significant, with Pearson correlations of 0.512 and 0.532, respectively, both with a p-value of less than 0.001. The results suggest that there is a positive correlation between all Green HRM practices and organisational sustainability, with green empowerment practices demonstrating the most robust association.

#### **Regression Analysis**

The model summary shows how well the regression model used to assess the impact of Green HRM practises on organisational sustainability works. With a R value of 0.589, the model suggests a moderate to strong connection between predictors and dependent variable. Green Empowerment, Green Rewards, Green Recruitment, Green Training, and Green Performance Practices account for 34.7% of organisational sustainability variation, according to the R Square value of 0.347. The model's capacity to explain data is slightly affected by the Adjusted R Square score of 0.321, which quantifies the predictors' contribution.

**Table 3: Correlation between green HRM practices and organizational sustainability**

<b>Correlations</b>			
	Organizational sustainability		
	Pearson Correlation	Sig. (2-tailed)	N
Green recruitment Practices	.511**	.000	132
Green rewards Management Practices	.341**	.000	132
Green training and Development Practices	.461**	.000	132
Green performance Practices	.512**	.000	132
Green empowerment Practices	.532**	.000	132
Organizational sustainability	1		132
*. Correlation is significant at the 0.05 level (2- tailed)			

Source: Survey data

**Table 4: Model Summary**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.589 <sup>a</sup>	.347	.321	1.72408
a. Predictors: (Constant), green empowerment practices, Green rewards Practices , Green recruitment practices, Green training Practices , Green performance Practices				

Source: Survey data

**Table 05: ANOVA Test on Green HRM practices and Organizational sustainability**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	199.214	5	39.843	13.404	.000 <sup>b</sup>
	Residual	374.528	126	2.972		
	Total	573.742	131			
a. Dependent Variable: organizational sustainability						
b. Predictors: (Constant), Green empowerment Practices , Green rewards Practices, Green recruitment Practices, Green training and Development Practices, Green performance Management Practices						

Source: Survey data

**Table 06: Coefficient Test Results**

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5.560	.750		7.409	.000
Green recruitment practices (GRP)	.277	.098	.337	2.837	.005
Green rewards Management Practices (GRM)	-.265	.122	-.256	-2.171	.032
Green training and development practices (GRD)	-.045	.154	-.041	-.292	.770
Green performance Management Practices (GPM)	.183	.147	.216	1.242	.216
Green empowerment Practices (GEP)	.268	.123	.321	2.177	.031
a. Dependent Variable: Organizational sustainability (OS)					

Source: Survey data

The mean difference between observed values and model-generated values is 1.72408, the estimate's standard error. In conclusion, the model has reasonable explanatory power and demonstrates that Green HRM practices help explain organisational sustainability disparities.

The ANOVA table for the regression model measuring Green HRM practices and organisational sustainability is statistically significant. With five degrees of freedom, the regression sum of squares is

199.214, with a mean square of 39.843. The F-value is 13.404 and the p-value is 0.000, which is below the alpha limit of 0.05. After incorporating green Empowerment, rewards, recruitment, training and development, and performance management practices as predictors, the regression model effectively accounts for organisational sustainability variations. The residual sum of squares is 374.528, with 126 degrees of freedom, while the total is 573.742, with 131. The ANOVA analysis shows that the model is statistically



significant and adequately captures the data.

Below mentioned Regression Analysis formula utilized in this analysis,

$$OS_i = 5.560 + .277 GRP_i - .265 GRM_i - .045 GRD_i + .183 GPM_i + 0.268 GEP_i \dots \dots \dots (2)$$

Green Recruitment Practices have a strong and positive impact on organisational sustainability, as indicated by a coefficient of 0.277, a standardised beta of 0.337, and a significant value of 0.005. This suggests that the implementation of efficient environmentally-friendly hiring practices improves the overall sustainability achievements of the organisation. The Green Rewards Practices exhibit a notable and adverse effect, as evidenced by a coefficient of -0.265, a standardised beta of -0.256, and a significant value of 0.032. These findings indicate that implementing green reward management practices could have a negative impact on sustainability. Therefore, it is important to modify reward systems in order to better match them with sustainability objectives. The coefficient of Green Training and Development Practices is -0.045, the standardised beta is -0.041, and a significant value is 0.770. The elevated a significant value suggests that these practices have a minimal impact on organisational sustainability, indicating that their effect is insignificant. The Green Performance Management Practices have a coefficient of 0.183, a standardised beta of 0.216, and a significant value of 0.216. In this context, the practices being discussed do not have a significant impact on sustainability outcomes, as indicated by a significant value that is higher than the predetermined significance level. The Green Empowerment Practices demonstrate a notable and substantial impact, indicated by a coefficient of 0.268, a standardised beta of 0.321, and significant value of 0.031. This demonstrates that enabling employees through the implementation of environmentally-friendly practices is closely linked to enhanced organisational sustainability.

### Conclusion and Recommendations

The research conducted on the influence of Green HRM practices on organizational sustainability in the Public Banking Sector in Sri Lankan banks has uncovered a number of noteworthy discoveries. The study revealed that Green Recruitment Practices and Green Empowerment Practices have a substantial

and beneficial effect on organisational sustainability, underscoring their significance in fostering sustainability in the banking industry. On the other hand, Green Rewards Practices showed a notable adverse impact, indicating that reward systems may require improvement to more effectively promote sustainability objectives. The study found that Green Training and Development, as well as Green Performance Management Practices, did not have a significant impact on sustainability results in this particular environment. This suggests that these practices may not be as powerful in driving sustainability in this specific situation. According to the results, it is advised that Sri Lankan public banks give priority to implementing Green Recruitment and Green Empowerment Practices in order to improve their sustainable performance. These practices should be incorporated into the fundamental HRM strategies to promote a culture of sustainability. Furthermore, it is recommended to conduct a thorough evaluation and maybe revise the Green Rewards Practices in order to better align them with the sustainability goals of the organisation. Continued investments in Green Training and Development are necessary, but their contribution to sustainability should be reassessed to identify opportunities for optimisation. Similarly, it is important to evaluate Green Performance Management Practices for their potential influence and make necessary adjustments accordingly.

In this research study successfully accomplished its goals by determining the Green HRM practices that have a Significant impact on organisational sustainability in public sector banks in Sri Lanka. The investigation yielded valuable insights into the favourable and unfavourable effects of these practices, providing a full comprehension of their functions inside Sri Lankan banks. The utilisation of statistical analysis has verified the importance of specific procedures, therefore effectively resolving the study enquiries and providing valuable insights to the field. The results of this study align with certain previous research, while also providing fresh perspectives. An example of this is the beneficial effect of Green Recruitment and Green Empowerment Practices, which is consistent with earlier research that highlights the importance of these practices in improving organisational sustainability (Renwick et al., 2013). Nevertheless, the adverse impact of Green Rewards Practices contradicts several research that propose favourable results from green rewards, such as the study conducted by Safeena in

2020. The absence of notable impacts for Green Training and Development and Green Performance Management Practices is a novel contribution, suggesting that additional investigation may be necessary in these domains. Subsequent investigations may broaden the range of analysis to encompass private banks and other industries, in order to assess and contrast the effects of Green HRM practices in other organisational settings. Longitudinal studies have the potential to offer valuable insights into the progression of these practices' impacts over time. In addition, qualitative research methodologies can be used to investigate the underlying mechanisms and perceptions associated with Green HRM practices and organisational sustainability. Additional research could also explore the individual elements of Green Rewards Practices in order to comprehend their adverse effects and propose possible enhancements.

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